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# **East Europe Report**

**ECONOMIC AND INDUSTRIAL AFFAIRS**

**No. 2169**



**FOREIGN BROADCAST INFORMATION SERVICE**

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# EAST EUROPE REPORT

## ECONOMIC AND INDUSTRIAL AFFAIRS

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**ERRATUM:** In JPRS 78869 of 31 August 1981, No 2166 of this series, the article entitled "Independence From Grain Exports Seen as Long-Range Goal" on Page 16 should have been listed under German Democratic Republic in the table of contents rather than under Czechoslovakia.

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## HUNGARY EXPORTS WORKER TRAINING COURSES

Budapest NEPSZAVA in Hungarian 12 Aug 81 p 4

[Summary] Two foreign trade enterprises, Technoimpex and Metrimpex, are finding it profitable to sell skilled worker training courses abroad. At present they are operating training courses for skilled workers at institutions set up in Libya, Iran, Iraq, Algeria, Brazil, Peru and Turkey.

Recently Nigeria has become one of the principal buyers of schools for skilled workers. According to an 8 million dollar agreement signed on the first of July of this year, 30 mobile training units, housed in containers, will be shipped by Technoimpex and its prime contracting partner, Industrialexport, to Abuja, capital of the new federation. Bricklayers, plumbers, painters, locksmiths, radio and television technicians and workers capable of repairing agricultural machinery will be trained at these facilities.

Hungary helps its foreign partners design the training courses. Personnel from Technoimpex see to the maintenance of the Hungarian training equipment. Training Nigerian teachers in Hungary is part of the deal. According to the latest agreement, Hungarian teachers also instruct Nigerian students.

Although such agreements are good business, conditions under which Hungarian instructors and maintenance crew must work are far from ideal. The training centers are often set up in remote villages. There are hitches in water and power supply. Communal facilities are all but totally lacking.

Since the developing countries including Nigeria have started at a much lower level in worker training than the European countries, they are making accelerated efforts to diminish the gap. Over the past 5 years Nigeria has spent 4 billion dollars on expanding education: 150,000 elementary schools have been built. Like other oil-rich countries, Nigeria is readying itself for the post-oil period.

CSO: 2500/351

## FIRST HALF YEAR RESULTS IN DOMESTIC TRADE PUBLISHED

Budapest FIGYELO in Hungarian No 31, 5 Aug 81 p 1

[Report by - ai, "Six Months Of Domestic Trade"]

[Text] According to preliminary data, the public's cash revenues increased by 7.2 percent in the first half of 1981, and this means an increase of about 2.4 percent when the 4.5 percent increase of consumer prices are also considered, says the Hungarian National Bank's report on domestic trade.

The consumers' willingness to spend in the last couple of decades has further increased, 80.6 of every 100 forints of revenue was spent on goods which is 2 forints more than in the first half of 1980. The amount and proportion of savings have also increased, manifested in the increase of savings accounts and higher-interest saving bonds. The increase in savings was also affected by a fall in passenger car sales which tied down part of the [car] downpayments.

People put 3.4 percent of their cash revenues into savings as opposed to the 2.5 percent during the first half last year. This increase of 6.4 billion forints of savings is more than last year and about the same as in the first half of the previous year. People spent less on other things.

The six-month domestic trade increase was 9.3 percent in current prices; in unchanged prices, it was 4.5 percent higher than in the first half of 1980 and 2.5 percent higher than in the first half of 1979.

Domestic Trade In The First Half Of 1981  
According to the Main Product Categories  
(Trade in the First Half Of 1980 = 100 Percent)  
(Preliminary Data)

	<u>In current prices</u>	<u>In unchanged prices</u>
Food products	103.4	103.3
Catering	105.6	101.5
Clothing	110.6	104.4
Miscellaneous goods	114.4	106.1

The supply of consumer goods approximated demand more than last year. The improvement was partially due to the larger and better selection of stocks at the beginning of the year. After last year's slump, imports have increased dramatically; however, this was partly the result of making up for last year's lag and the earlier arrival of goods slotted for the second half of the year. The domestic industry's transporting capacity has also improved, partly as a result of lesser problems in basic materials and partly because there were less exports than planned.

The 30 June inventory of food products was 8 percent higher and the first half's average stocks were 9.7 percent higher than last year. Almost all of the increase is a growth in volume. The development of unexplained surpluses were the result of bigger opening inventories and the overestimated procurement not in line with turnover: almost 100 percent of the orders came in because of a balanced industrial supply. Part of the stocks (e.g., rice, sugar) represents advanced stocking and the reason for the extra stocks of noodles are the result of an expected shortage of potatoes which did not take place. The reason for the extra stocks of salt is the arrival of a shipment from Romania in one lot of a several year backlog. Because of an increasing price sensitivity demand for canned food and frozen products has fallen significantly. The "usual" hoarding before the meat price increases was insignificant.

The 30 June closing clothing inventories were 20 percent higher than last year and the average inventories for the first half of the year were 16.4 percent higher, 60 percent of this was an increase in volume. Because of the irregular arrivals of imports, delayed deliveries of seasonal items and advanced orders because of last year's bad experiences, some enterprises ended up with significant surplus stocks. Part of these are current goods (e.g., imported leather goods, Levi jeans); goods in excess of the demand and seasonal and fashion products arriving late will have to be sold at a discount price.

The June closing inventory of miscellaneous articles was 11.4 percent higher than last year and the first six month average inventories were 16.7 percent higher than last year, a little more than half of which was an increase in volume. The increase in inventories understandably did not keep pace with retail trade, the comparative index 0.79. The composition of inventories has not improved significantly and, with the exception of a few enterprises, the inventories are higher than desirable. The changes during the first half of the year include the continuous decrease of extremely large opening inventories in wholesale hardware items have until April and then a dramatic increase in May and June because of the arrival of large import shipments (Polish spin-driers and boilers, Soviet small engines and washing machines GRD washing machines and paper goods) and because of domestic orders in excess of the demand (black-and-white TV sets, oil stoves). Surpluses in furniture resulted from a decreasing demand, and surpluses of washing detergents and cleaners resulted from over-ordering.

However, there are some initial signs in the domestic trade that the enterprises, on the basis of the existing stocks and the realistically expected demand, are slowing down the rate of increase in ordering.

9414

CSO: 2500/340



FINANCING NEW ENTERPRISES EXPLORED

Budapest FIGYELO in Hungarian 29 Jul 81 p 9

[Article by Gyorgy Szakolcai: "The Financing of New Enterprises"]

[Text] In discussions regarding the financing of small enterprises, two contradictory points of view have been conceived: one emphasizes the viewpoint of capital demand and the other of credit worthiness.

The first viewpoint is closely related to the concept that it should be possible to establish such enterprises--according to the concept by Istvan Siklaky which appeared in the No 9, 1981 issue FIGYELO--as a civic right in the cooperative sector. According to this, if we want the right to be more than merely formal, with everyone having a realistic possibility for an undertaking, for example, the development of a small cooperative, then we must assure everyone the possibility to create the starting capital. In other words, we must create the possibility of obtaining the necessary credit for an undertaking for everyone but especially the small worker groups.

Credit Collateral

The classical norms for granting credit and credit collateral may be in opposition to such a view and effort. To be sure, it may be that entrepreneurship is the civic right of everyone, but assuring the necessary capital or providing credit to others is not one's civic obligation. The extension of credit without adequate collateral for establishing a small enterprise is a very risky undertaking; one can hardly conceive of a financial institute which would undertake to do this, or if it does, that it will survive. In addition to credit there is also need for sources, that is, credit cannot create such additional purchasing power for which there is no commodity cover. This real economic problem obviously cannot be solved by any kind of financial maneuvering.

In respect to credit collateral, the classical norm, simply put, is that credit can be extended only to someone who has wealth. But this classical principle was breached a long time ago by practice. Credit collateral can also be material and producer means that can be purchased with credit. The security point of view requires at most that only part of the value of the material or the producer means, and not the entire amount, should be financed with credit.



This description corresponds to actual practice in capitalist countries. Large enterprises which issue bonds have capital, and while the ratio of bonds and shares must also conform with certain empirical values, still the bond collateral is primarily the producer means that are purchased thereby and the accessory production value that can be gained by their use. The collateral of the circulating asset credits (forgotokehitel) is the working capital purchased with credit, and generally the financial institute which extends the credit controls whether the credit use meets the terms of the agreements.

The foregoing is also true of practice in socialist countries. Here, too, the collateral of the circulating asset credits is primarily the commodities or the producer means which already exist or can be purchased from the credit but may also be the work capacity and the earning capacity of the one who accepts the credit or the guarantor. According to our laws, half of everyone's pay can be garnisheed, and thus the work and earning capacity of a healthy worker with an orderly life style, particularly if he also has a guarantor, is adequate collateral for several tens of thousands forints per year. Thus in consideration of an adequate risk factor and perhaps adequate credit insurance, a certain amount of credit can also be extended on such collateral.

Credit on such principles corresponds to general practice. Everywhere and thus in Hungary, too, a person without any wealth who appropriately bears witness of an orderly life style and earning capacity may receive buyer's credit. In principle, there is no hindrance to extending credit for a small enterprise with such collateral.

#### Advances for Support Industry

How much credit may be extended on the basis of these principles? The work and earning capacity of the credit applicant may itself be a 20,000 forint collateral, and in fact if he has a guarantor and credit insurance it may be twice as great. But if the collateral for 80 percent of the credit taken for the purchase of materials and producer means is the materials themselves, then the work and earning capacity needs to be collateral for only the remaining 20 percent. More than 100,000 to 200,000 forints of credit can be securely extended per person to the membership of a small cooperative, that is, all in all several million forints. This is sufficient in many branches for a start. Collateral considerations make such an initiative possible.

It is not only the collateral, however, which causes problems, but also the source of the credit as well. In some form, credit always draws resources away from somewhere else, and thus it must be studied whether transferable resources exist.

The credit source may also be the expected value of the production or service that is credited by the small enterprise. Obviously, the basic problem here is whether the product or the service is marketable. The buyer or the client may be the most certain that it is. But credit extended by a buyer or client is no more than an advance. Advance payment may be, therefore, one of the most important sources of small enterprise financing. Credit extension in the form of an advance may also be one of the most important means for large state enterprises, in the framework of small enterprises, to organize themselves a support industries for the manufacture of parts and components--and at lower costs than for production at their own expense.

If we are speaking of the utilization of existing but unused materials or producer means, the money means necessary for making them available can be created by means of credit. A similar situation exists if the credit serves to make advance payment on a production process by which the placement of the products being realized does not appear problematical, and the production time cycle is short. In such a case, we are speaking only of financially bridging a temporary time difference, which if neither the time difference nor the volume is excessively great can also be solved by obtaining credit.

#### Regrouping of Resources

When conditions are not fulfilled, an appropriate financial source must be looked after. In the economic sense, two sources can be considered savings at the cost of the population's current consumption or the regrouping of resources available to the state (or to a small extent cooperatives or other economic units). One must unconditionally think in terms of this economic category; the savings of the population in the present construction are available to the state whether they appear in the form of savings, saving deposits, or an increase in banknote circulation.

These considerations already show that the sources of credit are in fact tight. The personal consumption of those who participate in small enterprises can be restricted only to a small extent, and from extending the scope of small enterprises we can expect only to a small extent also a decrease in the wasteful consumption that exists in some areas. I believe, however, in the interest of extending the scope of small enterprises we should make possible the organized use of the population's savings for this goal if this were accompanied by a decrease in the sums used for central goals. That is to say, it appears that the increased efficiency, competition and an improving supply situation would be worth the probable small degree of resource regrouping. One of the means of doing this would be if the enterprises could issue negotiable bonds at higher interest rates than offered for savings deposits. There can hardly be any obstacle for the interest on such bonds--by analogy with the usual procedure in international credit circulation--to be flexible, and to vary according to a predetermined system as a function of changes in the consumer price index.

Whether such programs are created or whether existing frameworks, for example, the OTP [National Savings Bank] are used to assure satisfaction of small enterprises' credit demands, it is by all means necessary to settle the conditions for granting credit and the question of credit collateral in a way that it by and large meets the above-described principles.

6691

CSO: 2500/330

# PRICE COMMISSION HEAD GIVES DETAILS ON PRICE INCREASES

Warsaw ZYCIE GOSPODARCZE in Polish 2 Aug 81 p 9

[Interview with Prof Zdzislaw Krasinski, chairman of the State Price Commission, by Andrzej Nalecz-Jawecki on 25 July 1981 in Warsaw; "For a Boned Ham, 400 Zlotys?"]

[Text] A. Nalecz-Jawecki: Today is 25 July. From the countless interviews you have granted, it appears that the increase in retail prices is inevitable. People want to know how much everything will cost. Please give us the latest and most recent table with specific prices.

Z. Krasinski: I don't have any final price lists. However, I can give you the newest working version that was developed on 21 July. It will be discussed, revised, adjusted and so on. I want to present it in a popular brochure that will be available in each Ruch kiosk, so that each citizen can subject our proposal to a thorough analysis. Contained in it will be the proposed prices for the most important products.

[Question] Please give us some specific prices for food products. For example, how much will 1 kg of boned ham cost?

[Answer] A cooked boned ham at present costs 150 zlotys; I propose that it cost 400 zlotys. An average loaf of bread, 16 zlotys (0.8 kg); sugar, 40 zlotys; a cake of "country-style" butter, 80 zlotys; macaroni noodles, 28 zlotys; and so forth. I emphasize once again that this is only the working version, an attempt at a proposal.

[Question] If you will permit me, I shall take the entire table for our readers. And now for the second fundamental question--when will all of this happen, and will the price increase take place immediately?

[Answer] Until recently I was for a quick and radical, one-time price increase for food products. At present, I have changed my view a bit. Now I am for an increase in prices by stages, although quickly. I am proposing that a price increase be initiated for bread, farinaceous products, rice, sugar, salt and matches from 15 August of this year. I complete this by suggesting that 1 kg of salt cost 7 zlotys; matches, 2 zlotys; and potato starch, 50 zlotys.

The group consisting of milk, dairy products and vegetable oils would constitute the second stage. We would like to raise the prices for those products in October of this year.



Two groups still remain; i.e., coal, coke, gas, central heating and electrical energy, as well as the meat group, poultry and fish. There are discussions as to which one should be first, fuel or meat? Maybe both groups together? I shall set the deadline; i.e., January-February 1982.

[Question] Will compensation be paid immediately after the first stage of price increases, that is, for bread and grain products?

[Answer] Certainly. And it will be very easy--each person will receive 200 zlotys. That means the additional money will go to each working person, their children, pensioners and so on. Once again, I emphasize that this is only a working version, with consideration of the possibility that persons with higher incomes would receive only 100 zlotys and those earning more than 13,400 zlotys per month generally would not receive any compensation. As regards the second stage--increase for dairy products and vegetable oils--we have counted compensation at about 300 zlotys.

[Question] I wish to print the entire table of the proposed higher prices. Therefore, may we discuss all compensation for the price increases in food products and furnace fuel, as well as electrical and heating energy? You have worked out four versions...

[Answer] Version A is the most benign for the people, while version D will get us out of this crisis the quickest. The two remaining versions are proposals that fall in between. However, in order to withstand the results of an increase in retail prices, as we have calculated, each citizen will have to receive 1,250 zlotys. And that is the base of departure for all variables.

In version D, those earning less than 3,000 zlotys per month would receive slightly more than the base; i.e., 1,300 zlotys. Those receiving pensions or annuities that do not exceed 2,000 zlotys also would receive more than the base; i.e., 1,400 zlotys. However, those earning more would receive a payment lower than the 1,250-zloty base. Those persons earning more than 13,400 zlotys would get barely 200 zlotys in compensation. Pensioners and annuitants receiving over 6,000 zlotys per month would get 700 zlotys. All children and women obtaining family assistance, without regard to the income allotment, would receive an equal amount of 1,000 zlotys.

If version D were to be adopted, then the money that is not backed and throwing the marketplace into confusion would be withdrawn from the marketplace relatively quickly. Of course, the citizenry, and I am not hiding this in any way, would bear the costs (especially those who make the most money) of the entire stabilization process.

On the other hand, adoption of version A would signify the decision for a gradual achievement of stabilization by spreading the process out over a period of several years. All persons working in the collectivized economy would receive a payment not lower than 1,100 zlotys. I emphasize that even those earning more than 15,000-20,000 zlotys also would receive 1,100 zlotys in compensation. Those obtaining even the highest pensions would receive 900 zlotys each, while all children and women on assistance also would receive 900 zlotys each.

In version A, those earning the least would be paid only minimally more than the compensation base (i.e., only 50 zlotys). On the other hand, those earning the most would receive barely 150 zlotys less than the base amount.



[Question] I understand that the withdrawal of money without backing would take place relatively slowly with version A. But in this table (and also in version B), there is a marked payment of portions of the compensation in National Stabilization Loan [NPS] bonds. They delay somewhat the pressure of cold cash on the stores.

[Answer] Yes. The objective of bonds is in some measure to force people voluntarily to save money. The bonds will be paid monthly in salaries and pensions. Beginning in 1983, we would start a drawing in 40 quarterly installments (that is, for 10 years), and people could exchange their drawn bonds for zlotys. I believe that the bonds should be on a percentage basis, and then from those percentages a bonus system could be established to take part in the drawing.

Of course, in the public consciousness NPS bonds would constitute the freezing of money. But the amounts won't be that large. I estimate that in this way we could hold back about 47 billion zlotys, while the current inflationary spiral stands at approximately 600-700 billion zlotys.

[Question] And so the last bonds would be exchanged for zlotys in 1993? Inherent in this assumption is that we shall have to dig ourselves out of this crisis for the next 11 years. Am I correct?

[Answer] I would not be such a pessimist. It's possible that in 3-4 years the economy will be able to stand enough on its own feet, so that the bonds can be paid off more rapidly. For example, it will be possible to use them to pay for the purchase of various products or for services in the marketplace.

[Question] Let's return once again to compensation. How did you come up with a base equalization of exactly 1,250 zlotys for retail price increases in food products, furnace fuel and energy?

[Answer] That was an arduous and detailed calculation. It was simple for rationed products. A person receives each month 1 kg of sugar, for which the price is increasing from 10.50 zlotys to 40 zlotys. So I wrote down 29.50 for compensation. In the margin next to sugar, we assumed 1.5 kg, counting on an increase in production. In a similar manner, we calculated the size of equalization for other rationed products. In the case of other products (bread, jams, macaroni noodles and so on), we counted the average consumption per person.

[Question] Is there a chance that the higher prices could suppress the waste of agricultural and food products? Your research in Poznan indicates that we waste millions of loaves of bread each year. Many delegates at the Ninth Congress stated that we are simply wasting large amounts of food between the field and the table. It is logical to assume that if we didn't waste so much, then there would be so much more in our stores and on our tables. And moreover, the consumer would not have to pay from his or her own pocket for all the losses.

[Answer] Agricultural products cannot be cheap, because that is the first step to the hell of waste. This also concerns the household economy, as we frequently buy without thinking, for example, more bread than we really need. After that, we throw out stale bread, not bothering in the least because the loss (in zlotys!) is not large. And now after the increase, we shall respect food more than before. Without respect to waste in factories, preserves, storage magazines or stores, I personally

don't know how to suppress it nor how to get to the conscience of producers or to the feeling of civic responsibility. The only thing we can count on is competition established by the economic reform and the strong subjection of wages to economic events. However, this will begin to function only after a certain period of time. In the meantime, the Federation of Consumers [FK] in particular should be relentless in condemning waste and promoting public pressure to mobilize public opinion against large wasters.

[Question] You went to the FK prior to becoming "price minister." This agrees with the federation's opinion that each price should be fair and above all in accordance with the product's quality. And, for example, consumers would like "compensation" for more expensive milk of significantly higher quality. Does the price increase, being an integral part of economic reform, give such guarantees? More expensive, but is quality good for bread, milk, butter, noodle macaroni, pork products and so on? At present, the quality of many products is lousy and sometimes even scandalous...

[Answer] It is not the price increase that guarantees quality. Reform should do it, and therefore independence and competition. Producers must be forced economically to compete though quality and price. All prices will have the characteristics of maximal prices; i.e., each producer will be able to sell for less. Let the collective farms that produce milk at higher cost perish in the marketplace; let them plant clover. If private farmers can produce milk at lower cost, and also butter, they will win the competition to the consumer's benefit.

With respect to milk, however, I feel that the purchase price is too high. In other countries, milk costs less than other products. Eighty zlotys for a cake of butter is indeed a lot. It will be necessary to decide whether or not to introduce next year an experimental price for milk; i.e., between 11 and 18 zlotys per liter.

[Question] Is it possible that the price of 1 kg of marmolade is 42 zlotys? After all, it's made from the "remains" of fruits.

[Answer] But marmolade contains a lot, almost half its weight, of sugar. Of course, if there is a cheap fruit batch—for marmolade, jams, plum jam, canned peas and so forth—then maybe those same products will become less expensive. Producers who are able to buy up raw materials cheaply will emerge victorious in this game. In general, the economic reform will be directed against those who produce at higher cost—let them tremble for their existence!

[Question] Up to now we have spoken only about food and food products. What are the intentions as regards all nonfood products?

[Answer] There are also fewer and fewer industrial goods in the stores. There is also a lot of pressure on them, as they're being bought out. However, in this case, we have another idea; i.e., the Stabilization Fund [FS]. The issue here is not to raise prices formally, but rather to add to them specific amounts that would go to the FS. For example, one would not pay 7.5 zlotys for razor blades at the kiosk, but rather 7.5 plus 10 zlotys, or 17.5 zlotys. Neither the trader nor the producer would have any right to the 10 zlotys. The FS would be a separate fund which would best remain under public supervision.

Payments added on to prices for the FS would be the same size so as to equalize, more or less, supply with demand. If certain products were to begin to accumulate, then we would lower the prices. I believe that these payments should be a movable part "of the price," which would give this country "price" elasticity for the first time.

[Question] The FS would be created by buyers purchasing specific goods; e.g., televisions, tape recorders, razor blades, furniture and so on. On the other hand, you said that it should be under public supervision. I have a simple idea; i.e., since consumers are going to create it from their own pockets, then the manager of FS should be the FK. What is your reaction to that?

[Answer] People must have absolute trust in the FS. Personally, I would not like the manager to be a financial department, or any other institution for that matter. The citizenry might fear that the money was going to be directed toward various other objectives which are important but not the most important from the public's point of view. I am completely in support of the candidacy of the FK to be the manager of the FS.

One thing must be emphasized, however, and that is that it will be necessary to amass funds in the FS for a certain period. It must fill temporarily the function of extracting money from the marketplace. For example, for 1 1/2 years we would do nothing but take in zlotys. Only afterward would we decide whom to finance, which group of producers to assist and so on.

[Question] Therefore, FS is a matter to come after the reform of food prices has been conducted. Let's go back to the latter. A look through all these proposals gives birth to the following question: Will society accept one of these versions and agree to the price list and the amount of compensation?

[Answer] This is exactly why we are presenting the entire issue to society. The awareness must be there that some group will receive an increase in the amount of compensation, but at the same time another group will have some taken away. Working people may receive more, and pensioners and youth less. And so forth. We shall somehow have to decide and to choose. I must emphasize once again that the tables reproduced in ZYCIE GOSPODARCZE are only a working version. My appeal is let's not discuss things too much, but decide on something. Each day's delay means another 1.5 billion zlotys without backing. In other words, the longer we wait to introduce reform of retain prices, the higher the increase will have to go!

[Interviewer] Thank you very much for access to the "working version" and the discussion. In closing, I would like to state that there are many specialists who have different views and different proposals. Even among the editorial staff, there are divided opinions, not to mention society as a whole. This is why in the near future we are organizing an editorial discussion in order to make it possible to present other views. I also invite you to come.

# Examples of Proposed Increases in Retail Prices for More Important Articles

Number	Article Name	Measure	Retail price in zlotys current	proposed
1.	Torun bread	0.8 kg	6.70	16.00
2.	Common wheat roll	0.05 kg	0.70	1.30
3.	Poznan wheat flour	1 kg	10.00	22.00
4.	Wroclow wheat flour	1 kg	6.70	21.00
5.	Cream of wheat	1 kg	6.50	23.00
6.	Rural barley porridge	1 kg	10.00	18.00
7.	Choice oat flakes	1 kg	11.00	28.00
8.	Spaghetti noodles	0.5 kg	10.50	28.00
9.	Rice	1 kg	10.00	30.00
10.	Milk with 2 percent fat	1 l	2.90	10.00
11.	Bottled homogenized cream with 18 percent fat	0.25 l	6.20	21.00
12.	Packaged "country-style" butter with 82.5 percent fat	0.25 kg	25.00	80.00
13.	Gouda cheese with 45 percent fat	1 kg	50.00	190.00
14.	"Krajanka" brand cheese with 30 percent fat	1 kg	23.00	84.00
15.	Margarine	1 kg	26.00	80.00
16.	Sugar	1 kg	10.50	40.00
17.	Marmolade	1 kg	10.50	42.00
18.	Highly sweetened strawberry jam	0.46 kg (jar)	7.90	32.00
19.	Plum jam	0.45 kg (jar)	6.60	25.00
20.	First-class heating coal	ton	550.00	2,000.00
21.	Coke	ton	797.00	2,900.00
22.	Boned pork roast	1 kg	90.00	290.00
23.	Boned pork shoulder	1 kg	59.00	190.00
24.	Side of meat	1 kg	30.00	100.00
25.	Roast beef	1 kg	56.00	190.00
26.	Boneless veal	1 kg	80.00	280.00
27.	Boneless meat from adult livestock	1 kg	68.00	205.00
28.	Chicken	1 kg	54.00	135.00
29.	Bacon	1 kg	36.00	115.00
30.	Smoked ham	1 kg	180.00	450.00
31.	Cooked boned ham	1 kg	150.00	400.00
32.	Countrystyle sausage	1 kg	120.00	260.00
33.	Common sausage	1 kg	44.00	200.00
34.	Fresh Baltic herring	1 kg	15.00	40.00
35.	Salted Baltic herring	1 kg	17.00	65.00
36.	Headless, fresh, gutted cod	1 kg	14.00	50.00
27.	Cod fillets	1 kg	25.00	95.00



VERSION A

Compensation (Equalization) for the Increase in Retail Prices for Food Products, Furnace Fuel, as well as Electrical and Heating Energy

Basic compensation = 1,250 zlotys

Specification	Rate of monthly compensation in zlotys per monthly wage level			
	minimal to 3,000 zl	between minimal and average 3,001-6,700	between average and 1.5 times its amount 6,701-10,000	between 1.5 and 2 times average pay 10,001-13,400
1. Workers in the collectivized economy--together	1,300	1,250	1,200	1,150
---counting NPS bonds	-----	250	350	500
				1,100
				600

Rate of monthly compensation in zlotys dependent upon the size of monthly pensions or annuities

2. Pensioners and annuitants--together	to 2,000 zl 1,300	2,001-3,000 1,250	3,001-4,000 1,200	4,001-5,000 1,100	5,001-6,000 1,100	6,000 and up 900
---counting NPS bonds	---	----	200	250	250	350
3. Children and women obtaining family assistance	---all children receive 900 zlotys ---all women receive 900 zlotys					

ATTENTION: pensioners and annuitants above 75 years of age will receive the entire compensation in cash

VERSION B

Compensation (Equalization) for the Increase in Retail Prices for Food Products, Furnance Fuel, as well as Electrical and Heating Energy

Basic compensation = 1,250 zlotys

Rate of monthly compensation in zlotys per monthly wage level					
	Minimal to	between minimal	between average and	between 1.5 and 2	more than
	3,000 zl	and average	1.5 times its amount	times average pay	2 times
Specification		3,001-6,700	6,701-10,000	10,001-13,400	13,401 and up
<hr/>					
1. Workers in the					
collectivized					
economy-					
together	1,300	1,200	1,100	900	700
--counting					
NPS bonds	-----	300	400	500	500

Rate of monthly compensation in zlotys dependent upon  
the size of monthly pensions or annuities

2. Pensioners and annuitants--- together ---counting NPS bonds	to 2,000 zl 1,400 -----	2,001-3,000 1,300 -----	3,001-4,000 1,200 200	4,001-5,000 1,100 300	5,001-6,000 1,000 400	6,001 and up 900 500
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3. Children and women obtaining family assistance	---all children receive 1,000 zlotys--Variable I*) ---all women receive 1,000 zlotys
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\*)Variable II in individual table

ATTENTION: pensioners and annuitants above 75 years of age will receive the entire compensation in cash

VERSION C

Compensation (Equalization) for the Increase in Retail Prices for Food Products, Furnace Fuel, as well as Electrical and Heating Energy

Basic compensation = 1,250 zlotys

		Rate of monthly compensation in zlotys per monthly wage level			
		between minimal and average	between average and 1.5 times its amount	between 1.5 and 2 times average pay	more than 2 times
Specification	Minimal to 3,000 zl	3,001-6,700	6,701-10,000	10,001-13,400	13,401 and up
1. Workers in the collectivized economy--together	1,300	1,100	900	700	400

Rate of monthly compensation in zlotys dependent upon the size of monthly pensions and annuities

2. Pensioners and annuitants--together	to 2,000 zl	2,001-3,000	3,001-4,000	4,001-5,000	5,001-6,000	6,001 and up
	1,400	1,300	1,150	1,000	900	500
3. Children and women obtaining family assistance	--all children receive 1,000 zlotys--Variable I*) --all women receive 1,000 zlotys					

\*) Variable II in individual table.

VERSION D

Compensation (Equalization) for the Increase in Retail Prices for Food Products, Furnace Fuel, as well as Electrical and Heating Energy

Basic compensation = 1,250 zlotys

Rate of monthly compensation in zlotys per monthly wage level				
	between minimal and average	between average and 1.5 times its amount	between 1.5 and 2 times average pay	more than 2 times
Specification	minimal to 3,000 zł	3,001-6,700	6,701-10,000	10,001-13,400
1. Workers in the collectivized economy	1,300	1,000	700	400
				200

Rate of monthly compensation in zlotys dependent upon the size of monthly pensions and annuities

2. Pensioners and annuitants	to 2,000 zł	2,001-3,000	3,001-4,000	4,001-5,000	5,001-6,000	6,001 and up
	1,400	1,250	1,000	900	800	700

3. Children and women obtaining family assistance	--all children receive 1,000 zlotys--	Variable I*)
	--all women receive 1,000 zlotys	

\*) Variable II in individual table



# Differential System of Compensation for Children and Youth Receiving Family Supplements

**ATTENTION:** A family with three children aged 14, 12 and 6, and raising them exclusively on an income of 8,000 zlotys, will receive a supplement of 1,200 zlotys for the first child, 1,050 zlotys for the second and 900 zlotys for the youngest child.

9807  
CSO: 2600/296

## DEMOGRAPHIC PROGNOSIS TO 1985 PUBLISHED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 13, 27 Jun 81 pp 27-29

[Article by Wladyslaw Kondrat and Jadwiga Mijakowska "Demographic Prognosis to 1985"]

[Text] The Central Office of Statistics [GUS] prepared a prognosis of demographic development of the nation and individual voivodships for 1980-1985. Based on this prognosis the final results of the National General Census of 7 December 1978, were accepted, after a mathematical interpolation of the projected status on 31 December 1979. Taken into account in the prognosis were forecast trends of births and deaths, prepared by GUS and approved by the Interministerial Commission for Demographic Prognosis Affairs.

It has been accepted that the fertility factor of women, which was calculated separately for the urban and rural populations in each voivodship, will be the same during the 1980-1985 prognosis period as it was in 1978/1979. Therefore, the small changes in the all-voivodship and all-national levels of population growth factors, both gross and net, will be exclusively the result of changes in the mutual relationships of numbers of women in rural and urban areas as well as in those voivodships which display marked differences, one from the other, as to the level of reproduction. Changes in the structure of women's childbearing age will cause formation of a tendency in the number of births in a particular voivodship.

In accordance with previously used practices, data pertaining to the internal territorial relocations within the nation (migration balance) were prepared by the Planning Commission of the Council of Ministers. In addition, included in the prognosis were assumptions of the Ministry of Internal Affairs pertaining to the projected foreign migration balance of voivodships.

#### A Population of 37.3 Million in 1985

The results of the prognosis indicate that the population of Poland will increase during A 6-year period from 35.4 million to 37.3 million, i.e., by about 1.9 million inhabitants. Population growth will, therefore, be about 0.9 percent on a yearly average, thus continuing to remain very large.

Born during that period will be over 4 million children and about 2 million persons will die. The national urbanization process, which was apparent during the entire postwar period, will continue to grow. The urban population of the nation will grow

by about 2.3 million in 1985, and will reach 22.5 million, this will make it 61.3 percent of the total national population (in 1980, the percentage of the urban population was 58.7 percent). Such large growth in the urban population has two sources.

First is migration from rural areas. Migration movement in the country-to-city direction is an unseparable component of urban population development. Those movements will become principal factors in this development. It is being projected that during the 6 years as many as 1.2 million persons who currently live in the country will decide to live in the city. This number exceeds by 100,000 the joint natural growth figure forecast for 1980-1985.

Natural growth is the second factor which influences urban population growth. A preponderance of positive migration balances over natural growth has been systematically observed in cities since 1966, however, earlier--with the exception of some postwar years--the natural growth in cities was higher, in some years very much higher, than the migration balance from the country. In the coming years this factor--it is being assumed--will attain an ever increasing significance in the increase in numbers of the urban population.

In the country, mainly as a result of the migration process to the cities, the population will continue to decrease. During the 6 years of the projected period, it will probably decrease by 370,000. Natural growth--although still markedly higher than in the cities, calculated per 1,000 inhabitants--is not able now, nor will it be able in the future, to compensate for the population loss caused by migration. This tendency has been steadily registered since 1974 and will intensify in the coming years. The results of this migration to the cities by the rural population are very serious in some regions with regard to the rural population structure, in particular as it pertains to distribution by sex and age. Migrations are the cause of selective reduction of the rural population because the principal participants are young people and women. This results in two negative processes: accelerated aging of the rural society and its masculinization.

#### Differentiation of Demographic Development of Voivodships

The first half of the eighties will probably be characterized by further dynamic development of population on the voivodship scale. It is expected that in all voivodships, except one--Sieradz, there will be a population increase. In 1985 this increase, as compared to 1980, will be higher in 22 voivodships than the national rate; it will attain some 4.4 percent. Six voivodships from this group--Legnica, Katowice, Gdansk, Olsztyn, Slupsk and Koszalin will probably achieve a population growth in excess of 6 percent. The most dynamic increase will occur in Legnica Voivodship where the population increase during the projected period will amount to almost 9 percent. Even in the seventies this voivodship had the highest growth in the nation. During the intercensus period 1970-1979, population growth there amounted to almost 20 percent.

In one of the group of 27 voivodships which will have a population growth below the national average, Sieradz, there will probably occur a slight population drop on the order of some 2,000 persons. In one additional voivodship there will be stabilization, in seven of them the increase will not exceed 2 percent. Those seven are: Czestochowa, Konin, Lomza, Plock, Siedlce, Skierniewice and Wloclawek.

In 1985, as in 1980, almost 40 percent of the population will live in the 9 most densely populated voivodships: Warsaw Capitol City, Bydgoszcz, Gdansk, Katowice, Kielce, City of Cracov, City of Lodz, Poznan and Wroclaw. Those are the voivodships which from the time of their establishment, or at least for the past several years, had a population of over 1 million. During the forecast period, in Warsaw Capitol City Voivodship the population will increase from 2.3 to 2.4 million, in Katowice Voivodship from 3.7 to 4.0 million. In 1985, one more voivodship will be included in the over 1 million club--Opole.

#### Results of Urbanization on the Rural Population

The level of urbanization is very differentiated on the voivodship scale. It is sufficient to note that during the seventies more than half of the nation's population lived in eight of the most densely populated voivodships: Warsaw Capitol City, Gdansk, Katowice, City of Cracov, City of Lodz, Poznan, Szczecin and Wroclaw. The prognosis indicates that this concentration of population will be somewhat reduced due to the development of cities which were designated capitols of voivodships created in 1975.

However, in those voivodships in which, until now, the percentage of urban population was the lowest, the course of the urbanization process will be most favorable, with the possible exception of Legnica Voivodship, where despite a high degree of urbanization the increase of urban population will continue to be very substantial. It is projected to reach about 18 percent during the projection period. Voivodships with the fastest growth of urban population are forecast to be: Biala Podlaska (20.4 percent), Ostroleka (19.3 percent), Lomza (18.9 percent), Chelm (18.5 percent), Zamosc (18.3 percent), Siedlce (16.2 percent), Suwalki and Olsztyn (15.0 percent each). Only 5.8 percent of the nation's urban population resided in this group of voivodships in 1980, in 1985 this will increase to 6.3 percent.

The indicated changes in the structure of the distribution of the urban population, although not very deep, indicate a tendency toward a more uniform development of the urbanization process. In 1985, the number of voivodships which have less than 50 percent of urban population will be reduced by 3, as compared to 1980, when there were 27 such voivodships.

A direct consequence of the urbanization process is a change in the numbers of the rural population. During 1980-1985, there will most probably occur a reduction in the rural population count. This reduction will amount to over 2 percent on a nationwide scale.

Such a reduction will probably not occur in only 10 voivodships: Warsaw Capitol City, Bielsk, Gdansk, Katowice, Nowy Sacz, Opole, Rzeszow, Tarnow, Krosno and Wroclaw. However, even in the case of these voivodships it is difficult to speak of a significant increase in the rural population. More than anything else it will amount to stabilization. Most of them are strongly urbanized, the fact of a small increase in rural population can be explained in that the numbers of rural persons are needed to work in farming bases of large agglomerates, or that the person must not necessarily work in farming--the proximity of large urban centers permits many to undertake work outside of agriculture without the necessity of moving to the city.

In the remaining 39 voivodships there will be a marked decrease in rural population, in a border case--Bialystok Voivodship--almost 10 percent during the forecast period.



## Population Structure According to Sex

In accordance with current trends, the normalization process of the proportions of sex distribution will continue. The so-called feminization index, which expresses the number of women in proportion to 1,000 men, will be lowered from 1,052 (in 1980) to 1,047 (in 1985). At the same time--as indicated by the prognosis--the currently existing differences in this respect between the urban and rural populations will become more pronounced. In 1985, there will be 1,080 women per 1,000 men in the cities while in the country this proportion will be 997 women per 1,000 men. Thus in the country there will occur a numerical overbalance of men. This situation is the logical consequence of the fact that women form a majority among the country to city migrants.

It is forecast that in only three voivodships will there be a slight increase of the feminization index: Gdansk (from 1,030 in 1980, to 1,031 in 1985), Lublin (1,071 to 1,074) and Wroclaw (1,058 to 1,061). In all the remaining voivodships there will be a reduction of that proportion. The greatest decrease will take place in: Ciechanow (1,025 to 1,013), Nowy Sacz (1,005 to 991), Tarnow (1,070 to 1,059), Opole (1,065 to 1,055) and Ostroleka (1,005 to 991). A common characteristic of the above voivodships is a negative migration balance which has been evident there for several years. This is strictly tied with the agricultural character of these voivodships (except Opole) and their low level of urbanization.

In 1985, Ostroleka Voivodship will attain the lowest feminization index (991) among all voivodships. It is also forecast that another voivodship which will experience a numerical overbalance of men in the same year will be Legnica, with a 997 feminization index. In this case the numerical male overbalance among the migrants to Legnica Voivodship will be the reason, influenced by the specific economy of the region.

In several other voivodships, there will appear an only barely noticeable overbalance of women: Suwalki--1,003 women to 1,000 men, Lomza--1,006, Szczecin--1,007, Katowice--1,009, Tarnobrzeg--1,011, Siedlce--1,012, Ciechanow--1,013 Elblag--1,013 and Slupsk--1,014. The majority here are typical migration source voivodships with a low level of urbanization. However, in the cases of Szczecin and Katowice voivodships, the present and future deciding factor is the specific labor situation which results from a demand for male labor skills.

Voivodships with a high feminization index will retain their position, even in the future. It becomes apparent from the prognosis that in City of Lodz Voivodship, in 1985, there will be 1,147 women per 1,000 men and in Warsaw Capital City Voivodship--1,124.

In the remaining 36 voivodships, the feminization index for 1985 will form about 1,020 to 1,080 women per 1,000 men.

The number of voivodships with a numerical overbalance of men in rural areas, will increase from the present 19 to 29 by 1985. However, in the cities such a situation will not occur in any voivodship. In Katowice, Voivodship the feminization index will be lowered to a level of 1,007. In Legnica Voivodship the same level will be maintained during the entire 5-year period. In a large proportion of voivodships, the forecast level of the feminization index among their urban population will be considerably higher.

## Working Age Population

The results of the latest GUS prognosis indicate that the high rate of growth of working-age population, which was apparent during the seventies, will be somewhat lowered in the next 5 years. This growth will amount to about 650,000 persons; During 1971-1975 it was 1.7 million, during 1976-1980 -1.3 million. The apparent growth of working-age population will, during the next 5 years, barely reach 3.1 percent, while total population growth will be 4.4 percent. This marked difference in the growth of the potential labor force will be the direct result of attaining of working age by persons from "low" birth years, people born during the sixties and by the passing of the upper limit of working age by the comparatively high numbers of people who were born during the first half of the twenties.

In a spatial context, the extent of working-age population growth will differ greatly. Comparatively highest growth will be exhibited by the highly industrialized voivodships: Gdansk (5.8 percent growth), Katowice (6.2 percent), Legnica (6.6 percent), these voivodships represent an unusually highly absorptive labor market.

Beside those noted, also distinguished will be voivodships with a large supply of labor resulting from a traditionally high birth rate which has steadily prevailed there. Those are: Nowy Sacz (6.0 percent), Olsztyn (5.9 percent), Opole (5.5 percent), Rzeszow (5.1 percent) and Slupsk (5.2 percent). In these voivodships, according to the prognosis, despite a negative migration balance, a comparatively large percentage of working-age population will be retained.

However, in some voivodships, despite a projected increase in the total numbers of population, there will be a slight drop of the direct number of working-age population. This situation will occur in: Jelenia Gora, Radom, Siedlce, Sieradz, Skierniewice, Walbrzych and Zamosc voivodships. This decrease in the potential number of working-age persons will be caused by the continuously negative balance of internal migrations.

In connection with the continuous, massive population relocations from the country to the cities, which will amount to about 1 million people during the forecast 5-year period, with the simultaneously occurring unfavorable changes in the demographic structure of the population, there also will be a drop in working-age population numbers occurring in rural areas, amounting to some 235,000 people, with a simultaneous growth of working potential in urban areas by about 890,000 persons.

Despite these trends the percentage of working-age population nationwide will be lowered not only in rural areas (from 55.1 percent in 1980, to 54.7 percent in 1985), but also in urban areas (respectively from 62.4 percent to 61.1 percent). This percentage, calculated for the total population of the nation, will be lowered from 59.4 percent in 1980, to 58.6 percent in 1985.

The decreasing trend of the proportion of working-age population among the numbers of total population of the nation will also become evident in a large majority of voivodships. A reverse trend will be observed in only seven voivodships: Lomza, Bialystok, Nowy Sacz, Opole, Ostroleka, Suwalki and Tarnow—those will exhibit a slight increase in proportions of working-age population. It has to be underscored that this increase will occur exclusively among the rural population, however, the course of general changes will go in the opposite direction in other rural areas. The decidedly agricultural character of these voivodships will exert such influence on demographic changes that structural changes in the cities will not be able to counterbalance the consequences of the processes occurring in rural environments.

The largest demographic working [age] potential in 1985, will be available in the following voivodships: Warsaw Capital City--1,537,000 persons; Gdansk--855,000; City of Cracov--765,000; Wroclaw--705,000. Together the above voivodships will have 5,334,000 persons of working age, almost one-quarter of the total working force of the nation. This is witness to a sizeable concentration of human production resources connected with a concentration of the national economic potential.

Voivodships with largest numbers of working-age population are also on the list of voivodships which lead with respect to the percentual participation of that group in total numbers of population of the given voivodship. This list is as follows:

Warsaw Capital City	--	63.0 percent	Walbrzych	--	61.1 percent
Wroclaw	--	62.3 percent	City of Cracov	--	60.9 percent
City of Lodz	--	62.1 percent	Jelenia Gora	--	60.9 percent
Katowice	--	61.9 percent	Legnica	--	60.0 percent
Szczecin	--	61.9 percent	Gdansk	--	59.9 percent

As can be seen from the above list, those are highly urbanized and industrialized voivodships which represent an unusually highly absorbent labor market.

In voivodships dominated by farming economy, the percentual proportion of working age population is relatively the lowest in the nation:

Nowy Sacz	--	53.4 percent	Zamosc	--	54.4 percent
Lomza	--	53.8 percent	Biala Podlaska	--	54.5 percent
Tarnow	--	53.9 percent	Krosno	--	55.0 percent
Przemysl	--	54.2 percent	Ostroleka	--	55.0 percent
Siedlce	--	54.3 percent			

The situation which was represented above as a projection for 1985, is also typical of the current period and past periods and will probably continue for a long time to come.

Problems addressed in this article do not, by any means, exhaust the list of problems connected with the anticipated demographic processes of the nation and its voivodships.

Editor's Note: The specific data pertaining to the processes presented in this article were presented on the covers of No's 2 and 3 of RN-G-A.

9511  
CSO: 2600/287



## REORGANIZATION, EXPORTS OF METALLURGICAL MINISTRY DESCRIBED

Warsaw ZYCIE WARSZAWY in Polish 29 Jul 81 p 2

[Article for PAP by Pawel Tarnowski: "The Old Directive-Type System Has Already Broken Down, But the New Mechanisms Still Are Not Operative: The Difficult Beginning of the Ministry of Metallurgy and Industry"]

[Text] Following the meeting between journalists and the chief of the Ministry of Metallurgy and Industry, Zbigniew Szalajda, on the subject of the program of action of the Ministry, it has been my irrefutable feeling that the meeting took place too early. This ministry is a large organizational structure which continually has failed to be defined precisely, and its program of action--if only on account of the lack of fundamental legal documents which are the basis of future reform--is in its infancy.

Therefore, Minister Szalajda presented--of necessity--only part of his forthcoming aims, at least some of which merit social support. Among these are his decision--made, moreover, earlier and at other managerial levels--concerning the granting of every assistance possible to establishments producing machinery, equipment, and supplies for agriculture. Based on the information provided at the meeting, however, it is difficult to find out whether assistance from the ministry is not purely verbal for the time being.

The future marked and economic mechanisms of the reconstructed economy are still not operative. But the old directive-type system has already broken down, in principle. In effect, at the recent meeting Minister Szalajda himself took over the role played by journalists up until then and began to pour out examples of the indolence of industrial establishments which could, but do not want to or could not manage to, discharge tasks for the farmers and the community.

The standard example of indolence has become the matter of the nails which do not exist but which could be produced in greater quantities, especially since the raw materials exist and the machinery is waiting. However, the minister stated, and appropriately so, that he would not order production of nails based on this information. Today larger scale production apparently is not profitable for such a firm.

Besides the nails, the matters of milk cans (lack of tin) and storage batteries (lack of casings) were also thrashed out. Finally, the minister stated--although he knows this is an unpopular position--that many establishments simply are not using skillfully the prerogatives obtained thanks to the famous and so harshly criticized Resolution 118. Also in this category he included at least some of the dwarfs who are holding up economic reform.



From the responses of the chief of the largest industrial ministry in Poland, it also turned out that as a result of economic reform, the interests of industry are suffering the most, at least at the beginning. For this time Zbigniew Szalajda looked like a fervent opponent of industrial-branch parochialisms, which must yield to generally conceived social interests.

The new ministry was presented as the direct consequence of the proposal for mapped out economic reform. When the ministries are combined, the number of workers remaining in the Ministry of Metallurgy and Industry will be lower than half of the combined number of workers in the three former ministries.

The organizational structure of the ministerial cap also was changed, and completely. Instead of the hackneyed purely industrial-branch divisions (metallurgy, machine building, etc.), a new scheme has been applied. Henceforth, the individual under-secretaries are supposed to occupy themselves with, for example, economic problems, the material economy, foreign trade, scientific and technical progress, etc. It looks as if it will be extremely difficult both for officials at the main office and for the enterprises subordinate to them to become accustomed to the new systems. As Minister Szalajda says, however, there is no turning back, and the fastest possible implementation of reform is simply a necessity.

The issue of the import possibilities of the ministry also was discussed. It was recalled that the industry grouped into the new ministry assures 50 percent of Polish exports to the capitalist countries; to make ends meet we need \$200 million, but we receive barely \$12 million or so. If we do not come to grips with this situation, many establishments simply will come to a complete halt on account of the lack of imported raw materials and subcomplexes. It is a pity, however, that Minister Szalajda's otherwise appropriate remark was not backed by a specific program to eliminate imports, for which we cannot allow the swollen production profile of many establishments to become contracted today. For such an action would have a greater effect on Poland's current possibilities.

But the most disturbing thing is the fact that the directors of the industrial establishments--in the ministry's opinion--are expected, in their actions, to be not only the representatives of the interests of labor forces and enterprises but also the representatives of higher social interests. The renewed demand placed on these people to be altruistic and to act "for the good of society" can contradict the needs of the firm; it seems to be a misunderstanding, since the very coordination and linking of these interests in favor of economic parameters and not declarations of principle is one of the fundamental tasks of the new ministry.

For the time being, the Ministry of Metallurgy and Industry is having a difficult start. The implementation of its plans has been very poor. The prospects for improvement are rather small. In the opinion of Minister Szalajda, however, the results could be better nearly everywhere if support for reform were expressed not in words but in actions. Without negating this position, it is fitting to state that the ministry could begin with itself.

## SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw ZYCIE WARSZAWY in Polish 29 Jul 81 p 6

[Article: "The National Bank of Poland, Warsaw, 29 July 81: Excerpt from Exchange Rate Table No 15/81"]

[Text]

EXCHANGE RATES  
Special Currency Exchange Rates in Zlotys

Country	Foreign currency	Foreign Exchange		Average
		Bought	Sold	
Australia	1 Australian dollar	38.48	40.06	39.27
Austria	100 schillings	198.72	206.84	202.78
Belgium	100 francs	85.78	89.28	87.53
Denmark	100 kroner	447.57	465.83	456.70
Finland	100 markkas	742.88	773.20	758.04
France	100 francs	589.35	613.41	601.38
Greece	100 drachmas*)	56.76	59.08	57.92
Spain	100 pesetas	34.52	35.92	35.22
Netherlands	100 florins	1,260.93	1,312.39	1,286.66
Japan	100 yen	14.87	15.47	15.17
Yugoslavia	100 dinars*)	123.28	128.32	125.80
Canada	1 dollar	28.04	29.18	28.61
Lebanon	100 pounds	780.78	812.64	796.71
Norway	100 kroner	562.80	585.78	574.29
Portugal	100 escudos*)	52.77	54.93	53.85
Federal Republic of Germany	100 deutsche marks	1,402.04	1,459.26	1,430.65
United States	1 dollar	33.72	35.10	34.41
Switzerland	100 francs	1,623.44	1,689.70	1,656.57
Sweden	100 kronor	660.83	687.81	674.32
Turkey	100 pounds*)	35.56	34.94	34.25
Great Britain	1 pounds	65.05	67.71	66.38
Italy	100 lire*)	2.82	2.94	2.88

\*In buying money from the countries listed below, the following exchange rates are used:

Greece	100 drachmas	55.50
Yugoslavia	100 dinars	84.96
Portugal	100 escudos	51.35
Turkey	100 pounds	30.72
Italy	100 lire	2.74

Special currency exchange rates are used in settlement of accounts for current transactions.

# Basic Currency Exchange Rates with a Surcharge in Zlotys

<u>Country</u>	<u>Foreign currency</u>	<u>Foreign Exchange</u>		<u>Average</u>
		<u>Bought</u>	<u>Sold</u>	
Albania	100 leks	181.84	183.86	182.75
Bulgaria	100 leva	2,182.21	2,204.15	2,193.18
Czechoslovakia	100 koruny	211.24	213.36	212.30
Korea	100 won	1,057.19	1,067.81	1,062.50
Cuba	100 pesos	1,730.05	1,747.43	1,738.74
Mongolia	100 tugriks	459.41	464.03	461.72
German Democratic Republic	100 deutsche marks	720.13	727.37	723.75
Romania	100 leu	215.42	217.58	216.50
Hungary	100 forints	130.20	131.50	130.85
Vientam	100 dong	1,000.28	1,010.34	1,005.31
USSR	100 rubles	2,112.38	2,133.62	2,123.00

Basic currency exchange rates with a surcharge are used for non-trade liabilities.

In purchases of Travelers' Cheques for rubles from the Bank for Foreign Trade of the USSR, payable outside the USSR in the foreign currency of the country of implementation, the exchange rate 4,545.50 zlotys for 100 rubles is used. Exchange Rate Table No. 14/81 from 15/6/81 ceases to be binding.

The Exchange Rate Tables are to be used for reference in all departments of the National Bank of Poland.

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CSO: 2600/286

## CURRENT ECONOMIC SITUATION REPORTED

### Current Economic Communique

Krakow GAZETA KRAKOWSKA in Polish 24-26 Jul 81 pp 1-6

[Text] In this section, GAZETA KRAKOWSKA reporters will be giving collected information, in very abridged form, indicating the state of our economy. This is a new editorial section whose task is to bring closer to our readers a picture of the nation's true economic situation. Information for this section is gathered by our reporters from many qualified and very reliable sources.

These things must be known in order to think about how to get out of this crisis. We are adding no commentary to the text.

#### Coal

--On Monday, 20 July, 266,700 tons of coal were loaded on wagons, which was 14,500 tons less than on Monday of the previous week.

--The reserves of hard coal in power stations on the 20th of this month were sufficient for an average of 2 weeks. But Dolna Odra had only a 4.4-day reserve, and Lodz had enough for approximately 9 days.

#### Energy

--Due to a shortage of feldspar from Norway, the power-insulator department of the Jedlina Zdroj Electrotechnical Porcelain Enterprise has been shut down for the last few days. A continued shortage of insulators may interfere with the operation of the nation's energy network.

#### Transportation

--The catastrophic and unimprovable shortage of spare parts, tires and batteries is beginning to interfere seriously with the operation of the PKS [State Motor Transport] throughout the nation. In many localities, there are dozens of buses which do not go on their routes. The greatest reductions are in Bielsko, Gdansk, Krakow, Tarnow and Zielona Gora voivodships.



## Metallurgy

--Daily production is falling. Indispensable reserves of fuel and raw materials are being reduced. There is enough charge coal for less than 4 days, aluminum oxide for less than 6 days, and tin for 6 days. About 20 July, the Lenin Ironworks was out of imported ferroalloys and could not produce sheet metal. Sheet metal is used for, among other things, agricultural tractor tire rims. Results: Completed tractors are standing on assembly lines and cannot be turned over to farmers. On 21 July, there were 400 tractors standing that way at Ursus.

## Machine Industry

--A shortage of imported crucibles caused production of slide bearings for the Star 200 auto to be interrupted at the Gdansk Plant. A shortage of imported components prevented putting together buses at Jelcz.

## Construction

--A shortage of vehicle fuel, spare parts, tires and batteries has brought 2,700 building units to a standstill.

## Sanitary Articles

--Water covered the gypsum mine and the Oil Products Enterprise Administration in Lwovek (flood). The resulting additional shortages were:

30 tons of toothpaste, 37 tons of BHP paste, 160 tons of laundry detergent, 80 tons of soap, and 18.5 tons of Nivea and other creams.

## Paper

--There is a cellulose shortage. There is a growing threat of a stoppage of paper production, including newsprint, at the Szczecin Paper Enterprises.

## Furniture

--In Lodz, polyurethane foam production was stopped due to a shortage of raw materials, directly threatening furniture production.

## Mail

--Despite the fact that additional customs clearance points were put into service, there are still in storage 74,000 packages sent from abroad to compatriots in this country.

## Meat

--The supply of animals for slaughter is dropping. In the first 20 days of July, it amounted to only 65 percent of the monthly plan.

--Despite the fact that the meat distribution plan for Katowice, Gdansk, Kracow, Lodz, Poznan, Szczecin, Wroclaw and Warsaw was more than 100 percent fulfilled, the quantities still do not cover the [ration] cards our citizens have.

#### Harvest

--The threat of flooding in certain areas of the country interrupted harvesting. Farmers' other problems: Shortages of spare parts for tractors and tire machines and batteries. In Ciechanow and Kielce voivodships, there is a shortage of canvas and rope for sheafbinders, making it hard to cut grain.

--Plock Voivodship let it be known that as of 21 July the Kraj Agricultural Machinery Factory [FMR] in Kutno would stop production of grain seeders and fertilizer spreaders because of nondelivery of undercoating paint by the Wloclawek Paint and Enamel Factory. The daily production by FMR in Kutno is 70 grain seeders and 60 fertilizer spreaders, earmarked for individual farmers.

#### Attention--A Useful Idea for Farmers!

--Slupsk Voivodship has arranged for the SKR [Agricultural Circles Cooperatives] to insure the direct transport of grain from the field to the farmer's field or to the GS [Rural Commune Cooperative] store at its own cost, but in accordance with government rates. Transport costs will be refunded to the SKR. In addition, the GS are to delegate their representatives to the SKR for the duration of the harvest, together with additional transport.

#### Current Economic Communique

Krakow GAZETA KRAKOWSKA in Polish 28 Jul 81 pp 1-2

#### [Text] Energy

--Things are not bad. On the 24th of this month, hard coal reserves were sufficient for an average of over 2 weeks. However, there was no improvement in the supply of motor fuel for the power industry.

#### Industry

--The shortage of a variety of imported materials is causing a systematic worsening of the situation and even production stoppages. For example, at the Zamech Mechanical Enterprises at Elblag, there is a shortage of bearing alloy produced in Wroclaw. Because of this, there is already a 2-month delay in deliveries to the shipping industry, and 11 ships are waiting to be completed.

--There is still no feldspar from Norway, and the shutdown in the power-insulator production department of the Jedlina Zdroj Electrotechnical Porcelain Enterprise continues.

--On 20 July, motor insulation sealing was stopped at the Zychlina Electrical Machine and Transformer Manufacturing Enterprises, causing an interruption in motor assembly. Fifteen hundred people employed in production are threatened with a shutdown. The reason: Curtailed delivery of isophane sealing wax from Wroclaw.

--At the Diora Radio Enterprises in Dzierzonow, the production of all types of radio receivers is threatened with a shutdown because of a shortage of ferrite cores. A shortage of imported nickel oxide prevents their manufacture.

--The Sanok Bus Factory is threatened with total production interruption due to a shortage of driveshafts from Starachowice. At Starachowice, in turn, there is a shortage of bearings from Krasnik, and Krasnik has a shortage of imported bearing discs.

--Ursus Enterprises cannot deliver 370 tractors to farmers because of a shortage of wheel rims. Due to a shortage of chains from Austria, sheafbinders and combines for digging potatoes cannot be produced. Because of a shortage of imported tires, the production of combines for beet harvesting is at a standstill. Milkers also cannot be produced, since they are made of parts imported from Sweden.

#### Construction

--Stoppages are continuing at 29 enterprises because of shortages of raw materials and other components. Due to shortages of fuel, spare parts, tires and batteries, 3,164 construction units are immobilized.

#### Transportation

--Novy Sacz, Szczecin, Bielsko Gorzow, Koszalin and Kracow voivodships are experiencing serious transportation problems due to the shortage of tires, tubes and batteries.

#### Agriculture and the Food Economy

--Flour shortages are causing bread shortages in Lomza, Ostroleka, Zamosc, Gdansk, Legnica, Bielsko-Biala, Koszalin and Suwalki voivodships.

--Sugar mills are receiving too little coal. The planned deliveries for July were 300,000 tons of coal, but only 230,000 tons were received. Sugar mills require 20,000 tons of coal daily in order to fulfill the plan.

--The shortage of rope and canvas for sheafbinders is interfering with harvests. Particularly hurt are Ciechanow, Kielce, Bydgosz, Piotrkow, Nowy Sacz, Radom, Kalisz, Przemysl, and Suwalki voivodships. There is a shortage of motor oil (Suwalki, Elblag, Radom). These shortages may even cause harvesting to stop in some areas.

#### Market

--There is still not enough meat, meat products and poultry to cover ration cards. There is a shortage everywhere of cigarettes and laundry and hygiene products.

--Panic buying of all possible manufactured products is being observed.

#### Paper

--The minister of domestic commerce and services said that this year's supply of school materials will be greater than last year's. Despite this, there are occasional shortages, provoking panic buying of all possible school materials in stationery stores.

PRICE COMMISSION CHIEF INTERVIEWED ON PLANNED PRICE RISES

Warsaw TRYBUNA LUDU in Polish 30 Jul 81 p 3

[Interview with Prof Zdzislaw Krasinski, chairman of the Government Price Commission, by Tomasz Jezioranski: "More About Price Increases; The Public Will Decide"; date and place of interview not given]

[Text] [Question] Professor, after the interview you recently granted PAP, the economics department of TRYBUNA LUDU was "snowed under" with telephone calls....

[Answer] And what did they say?

[Question] They had many doubts concerning the increase itself and compensation.

[Answer] And did they oppose the increase as such?

[Question] They did not question its necessity in principle.

[Answer] That's good. The most important thing is agreement as to the principle, in this case, the necessity of the increase. The rest is operational technique, that is, matters to be coordinated with the public. We will do nothing against its will.

[Question] The fact that the majority probably does not question the necessity of price increases, especially for food, does not mean that everyone sees the purpose of this action in the same way.

[Answer] Purpose? There can be only one purpose: To base the price of food and some other articles on the cost of production, to eliminate the lines which burden us all.

[Question] There can be another purpose, namely, to make order in price relations and to create economic conditions for rationally shaping demand. Many people are in favor of an increase which is fully compensated for and which acquaints the public with something new, namely, with price movement. It is important, in raising prices to the level of costs, to transfer into the people's pockets the entire, or almost entire, amount of the budgeted food price subsidies.

[Answer] Six months ago such a plan could still be thought about. In today's state of the market, an increase whose purpose is to correct relations will bring no relief to the public. The plan I propose fulfills the purpose you speak of and furthermore--by eliminating the inflationary curve, the said oversupply of money in the public's hands--will radically ease the burden of buying. It will simply restore balance in the food market.



[Question] Would it be possible, instead of reducing the oversupply by means of drain-type prices, to freeze this money, for example, by annually taxing expenditures above a certain limit at a high rate which would be determined by the balance sheets?

[Answer] Cuba did something like this 20 years ago, and to this day they have been unable to get rid of [ration] cards for everything. Why? Because in this system the motivation to increase work productivity disappears. Here we are touching on a very important point.

So, the plan which I am promoting, however drastic and even painful for society, has intrinsic value, that is, returning value to money encourages work. In the wake of the increase, buying power of a significant portion of the population will markedly decrease and everyone who wants to return to the previous level of consumption will simply have to earn more, that is, work harder.

[Question] That might be a somewhat theoretical point of view, since together with the increase there will be a decreased possibility of earning money. You yourself say that in order for the increase to make sense, it must be connected to the closing of all spigots from which additional money flows to the market.

[Answer] Correct. But by "supplemental" I mean money which would not be the equivalent of greater production, that is, regulating money. Automatically closing all spigots would be contrary to the spirit of the reform, that is, with the principle of "as you work, so you are paid." I must say that the only reason I undertook to work on the concept of price regulation and on persuading society of its necessity is that I see it as an indispensable element of the entire, deep economic reform.

If I did not perceive the sense and necessity of such a reform, I would not agonize over what is after all an unpopular price-regulation matter. Since I believe in the reform and consider it as the only deliverance, I believe that the game is worth the candle, because without price regulation there will surely be no reform. The same goes for the wage and price area. Without an increase today, it will be impossible to put into action corrective price and wage mechanisms tomorrow.

[Question] Are you then basing your faith on a very borderline thing, that is, that a deep reform will become fact? It has many opponents.

[Answer] I know that, but I see how the public is pressuring for reform and how the government, on which much depends, is changing its attitude toward it. The premier, who is a warm and real advocate and patron of reform, is being surrounded by an ever-growing group of young ministers, such as Prof W. Baka, who are reform enthusiasts. They and we are forming an ever-stronger pressure group in the government, pressure for real reform and price increase.

[Question] What is your idea of increases?

[Answer] Even very recently I was a supporter of a nonrecurring increase, but now I am leaning toward a several-step increase, to be implemented during the period of August of this year through January-February of next year. It would include food as well as coal and coke, gas, energy, and central heating. The average increase would be about 130 percent.

## Concerning Cost of Living

[Question] With such a schedule, can we even talk about stages, considering the range of articles which the increases would encompass? The government program for emerging from this crisis, proposing an increase in stages, would implement it over a much longer period of time. What would you offer in exchange for such heroic measures?

[Answer] In terms of society, I offer an immediate end to lines, and for the future, a chance for lower prices as food supplies increase. In individual terms, there would be a lowered standard of living for the majority of people, balanced in varying degrees by compensations.

[Question] What would these compensations be?

[Answer] I have worked out four versions which give society, and in practice the unions, the possibility of choice. The common feature of these versions is to give compensation of 1,300-1,400 zlotys to the people who are worst off, that is, the lowest earners and pensioners and annuitants receiving the fewest services.

[Question] From this it would appear that amounts of 1,300 to 1,400 zlotys are to completely make up for the increases. That should mean that the average city dweller spends approximately 1,200 zlotys monthly for food, energy, gas and central heating. I think he spends more.

[Answer] Studies carried out this March by the Poznan Academy of Economics on a representative group of 8,000 families concluded that that is just how these expenses shape up.

[Question] That probably does not take into account marketplace prices, but now more and more people must get their supplies on the free market. Will the average Polish family be able to afford to buy its child eggs at 10 zlotys or cherries at 120 zlotys after the increase?

[Answer] Those with modest means will surely be unable to afford it, but that's the way it is all over the world--expensive items are inaccessible to many people.

## Will There Be Enough Credit?

[Question] Well then, according to your plan, will cherries become a luxury affordable only by the rich? I doubt that this will find public support. In your plan, do you take into account the situation in which the average young family on the way up economically--and there are several million such--will find itself? Today they might have some surplus money, but if a price increase takes it away, how ill these people who barely live from payday to payday manage to save for apartment deposits and with what will they furnish their apartments?

[Answer] I am aware that it is precisely young families who will have the hardest time after the increase. That is why I am persuading the minister, M Drazak, to increase credit for young marrieds, and to extend the payments over a longer period. In the West, a young couple with no savings whatsoever can completely furnish an apartment and pay off the loan over 20 years.

[Question] I am afraid that with such increases in the cost of living as are being shaped, many families might have serious difficulty in paying these installments and the interest, which might be the highest of all the socialist nations.

[Answer] Are they really that high? Then they must be lowered. I will add this matter to my list of postulates to go to the Minister of Finance. Any method of bringing people relief while at the same time bringing equilibrium to the market is good.

[Question] But will the market really return to normal, and will the inflationary curve disappear, if these increases are implemented?

[Answer] The inflationary curve would disappear only partially. And if we stop at only the increases for the articles we talked about, the situation in the marketplace will not improve much. Free, overheated and constantly devalued money will continue to empty the shelves of all available goods. Comprehensive action is necessary, and that is why I am thinking of something I call a stabilizing supplement from the purchase of manufactured goods.

#### Seeking a Balance

I am proposing a temporary price increase up to the balanced-price level for every currently overbought manufactured item. The revenue from this surcharge is to be placed in a special account which would be controlled by, for example, the Consumers Federation. After a while, when the market stabilizes and the production situation begins to develop in the right direction, the collected public funds could be designated for important publicly selected social purposes, while at the same time the surcharge would be reduced. But that is in the future. With the current plan, we would, for the first time in the history of the People's Poland, have a real market balance.

[Question] At the cost of drastically reduced demand.... Are you, as not only a scientist but a politician as well, taking into account that the public might not agree to such a painful remedy and that this is an area in which no error is permissible?

[Answer] I believe in the Polish people's common sense. I believe that it has become apparent to the public that without such a remedy, instead of working and resting, that is, living, we will be standing in ever-longer lines and currency will stop being a means of payment. A vicious circle will develop--an excess of money will put people in lines, and since they will be standing in lines, they will produce less and spend even more time in lines. Sooner or later, everyone will realize that a price reform must be implemented. The longer we postpone it, the higher the increase will have to be.

[Question] All right, but what guarantees does society have that the proposals you are supporting will pay off?

[Answer] Economists, professionals, simply must be trusted, something which has never yet happened in Poland. The results are obvious. Must we get burned again? How many such experiences are necessary?

[Question] Again, this seems to me to be overly theoretical thinking which ignores awareness shaped over years of noneconomic thinking. We have a lot of evidence that people cannot conceive of making order in the economy of a socialist nation at the expense of their budgets. This may be an irrational stance, it may be erroneous, but it must be taken into account.

#### Only within the Framework of Reform

[Answer] I believe that you misjudge the economic awareness of the average citizen. He has a better understanding and feeling for the rigid economic laws than many would think. Let's not attribute economic underdevelopment to people, since at least their present reaction to the existing situation is entirely healthy. Money is losing value, therefore everyone is getting rid of it en masse in exchange for any goods whatsoever. Such a reaction is very detrimental to the economy and the only thing that matters is to create, with the help of price regulation, a situation in which the healthy human reactions will not hurt the economy and thus the people, but will help. I will give you a typical example to what degree the situation can be helped by increasing prices wisely. At my urging, Poznan Voivodship let meat from farmers' free-market deliveries into selected stores. The cost of pork in these stores is 220 zlotys or less than I anticipate in the new price list. Everywhere else but in Poznan, the same pork costs 450 zlotys in the market. The difference is taken by the middlemen--the shopkeepers--and people are quite rightly upset by this. Conclusion: A wise increase is still good medicine for the illness of a lean market.

[Question] I am coming back to the question of guarantees. I think that neither such examples nor assurances by economists will be the necessary guarantee. I am wondering if the only validation of price increases is not a deep and rapid economic reform since it is the only guarantee for getting out of the rising curve crisis and also for survival.

[Answer] I agree. The reform is the basic guarantee and that is the stand taken by Solidarity, for example, which simply demands that the price increases be passed at exactly the same time as the set of underlying laws which are being put together for reform. I understand the motivation for such a demand, but the problem is that all the proposed laws cannot be implemented before January, but prices must be put in order now, immediately, since in several months there may be nothing to put in order. I believe, however, that the demanded reform authentication could follow through the working out in the Sejm of the drafts it has for important laws.

[Interviewer] Thank you for the interview.



LONG-RANGE BUILDING MATERIALS STABILIZATION PROGRAM OUTLINED

Warsaw MATERIALY BUDOWLANE in Polish No 8, 16-30 Apr 81 pp 4-5

[Article by Dr Stanislaw Traczyk]

[Text] Development of the building-materials industry in 1981-1983 and up to 1985 will be aimed in the first place at:

- decrease of energy consumption and elimination of liquid fuel in favor of coal, primarily in the cement and ceramic industries;
- intensification of the production of heat-insulating materials permitting a decrease in consumption of heat energy in building engineering;
- development of the production of wall and floor materials for individual housing and farm-building construction, as well as general-purpose glass and ceramic products for export and market;
- development of the raw-materials base to ensure continuity of the production of processing industries and the reduction or elimination of imports from the II payments area [capitalist countries].

It is planned to achieve the increase in production primarily through intensification and modernization of the existing productive potential. It should, however, be pointed out that in such industries as building ceramics, cellular concrete, heat-insulating and raw materials, the modernization measures, because of the technical state of plants, will permit us to alleviate the shortcomings only in a small degree. Here it is necessary to build new plants.

In the presented developmental program up to 1985, in 1981-1983 for the most part modernization undertakings are being envisaged. Only in cases of exceptional lack of equilibrium of demand and supply is the building of new plants being contemplated.

Modernization of Cement Industry

The cement industry is one of the most energy-consuming industries. The unit mean of heat consumption for the production of 1 kg of clinker amounts in the scale of the entire industry (both wet and dry method) to about 1,600 kcal, and is approximately 50 percent higher than that in industrialized countries.

The heat consumption for firing clinker depends on the production method being used and fluctuates from 1,800 kcal/kg with the wet method to 750 kcal/kg with the dry method.

The percent share of the dry method in the overall production of cement is only 40 percent, whereas, for example, in the FRG it is 97 percent; in Japan, 98 percent; in France, 84 percent, and in the GDR, 88 percent.

A full, optimum utilization of the installed productive capacities requires annual supplies of 4.5 million tons of coal and 670,000 tons of furnace oil.

In 1979, the cement industry consumed 3,766,000 tons of coal and 345,000 tons of mazut, while, simultaneously, cement production was reduced by 3 million tons because of fuel shortage. In 1980, production losses amounted to 3.1 million tons.

Taking into consideration the great encumbrance of Poland's fuel balance by the cement industry and, because of fuel shortage, underutilization of the productive capacity in the existing cement plants, there was worked out in 1980 a program conceived on a vast scale, which envisaged:

- a shift from the wet method to the semidry method in the Warta II and Kujawy cement plants, as a result of which there would occur a decrease in heat consumption for the firing of clinker from 1,800 kcal/kg of 1,100 kcal/kg;

- substitution of coal for liquid fuel in the Kujawy, Warta II, Malogoszcz, and Nowiny II cement plants;

- the redesigning of the Przyjazn II cement plant from the wet method to a dry method, which would permit a decrease in heat consumption for the firing of clinker from 1,600 kcal/kg of 800 kcal/kg, while using low-calorie coal.

In the implementation of this program at the cost of about 13.5 billion foreign-exchange zlotys, the participation of the firms of the West in the supply of machinery and equipment has been envisaged. This program was verified in the direction of basing it exclusively on domestic, in many cases prototypical, solutions. The efficient performance of the planned modernization will require cooperation of the ministries of metallurgy, machine engineering and heavy and agricultural machines.

Taking into account the investment capabilities of the national economy, it is proposed to adopt the following immediate range of modernizations aimed at a decrease of fuel consumption in the cement industry.

- so-called small modernization, comprising the reconstruction of heat-recovery zones in rotary kilns and the use of sludge liquifiers to reduce the content of water in the sludge (in seven cement plants);

- reconstruction of Warta II and Kujawy cement plants from the point of view of the replacement of liquid fuel (furnace oil) with coal fines [coal dust];

- installation of sludge concentrators in the Wejherowo cement plant;

--construction in the Strzelce Opolskie cement plant of a pilot installation, making it possible to effect the shift from the wet method to a semidry method while using prototypical domestic equipment.

The achievement of positive results in using this installation would permit the extension of this method to other cement plants.

Implementation of this program requires outlays of 2,015,000,000 zlotys, including construction and assembly work, and 1.18 billion zlotys (in 1981-1983 correspondingly 1.72 billion zlotys and 1.02 billion zlotys) and foreign-exchange funds for the purchase of heat-resistant chains in the II payments area to the amount of 6.9 million foreign-exchange zlotys.

The program envisages the achievement after 1983 of the following effects:

--decrease in consumption of furnace oil by 194,000 tons/year, and ultimately by 431,000 tons/year (1985);

--savings of coal fines with a calorific value of 5,200 kcal/kg in the amount of 246,000 tons/year.

#### Modernization of Structural Ceramics Industry

The main direction of technical progress in the structural ceramics industry in European countries is the introduction of tunnel kilns, which permits the automation of the process of firing the products, with which is associated a decrease in the consumption of fuel and an increase in the efficiency of kilns.

In Poland's structural ceramics industry, inefficient Hoffmann kilns are installed in more than 300 in 41 plants they can be replaced by tunnel kilns.

As a result of this, besides a substantial improvement in working conditions, there will be achieved an increase in production (215 million [ceramic] units up to 1985), and a decrease in the consumption of coal in these plants by 21,500 tons in 1985.

Within the framework of rationalization of the consumption of fuels in the structural ceramics industry, it is being envisaged to replace liquid fuel by coal fines.

There are 24 tunnel kilns fired with mazut in Poland. Some of them are of special construction (for example, muffle kilns) or are firing special products (for example, clinker) and cannot be fired with coal.

It may be possible to fit 15 tunnel kilns to fire them with coal burners instead of furnace oil, including 6 by 1983. To avoid production losses and costs connected with a half-year closedown necessary for rebuilding the kiln, the program for the change in fuel will be adjusted to a schedule of kiln overhauls.

As a result of the use of coal burners in six tunnel kilns, an annual saving of 11,650 tons of furnace oil will be achieved as of 1983, while the productive capacity of these plants will decrease in the aggregate by 40 million units.

The necessary outlays for the "implementation of the aforesaid designs amount altogether to 2.92 billion zlotys in 1981-1985, including 1.44 in 1981-1983 for the replacement of Hoffmann by tunnel kilns, and 142 million zlotys in 1981-1985 for the change of fuel being used.

#### Intensification of Insulation Materials

Increase in the production of heat-insulating materials, this primarily from mineral fibers from domestic raw materials, is a basic condition for achieving saving effects in the consumption of heat energy in building engineering.

The maximum  $k$  factor for the external wall of apartment buildings, at present in force in Poland, is  $1 \text{ kcal/m}^2/\text{h}^\circ\text{C}$ , and in practice, in large-panel construction, it even reaches a value of  $1.7 \text{ kcal/m}^2/\text{h}^\circ\text{C}$ . Also enormous are heat losses of noninsulated farm buildings, which adversely affects the development of animal breeding. The  $k$  factor, obligatory in Sweden, is 0.3, and in the FRG-- $0.7 \text{ kcal/m}^2/\text{h}^\circ\text{C}$ . It is therefore indispensable to act in the direction of constructional and materials-related changes in buildings of all types, in order to effect a decrease in heat losses, and that not only in buildings being erected but also to make existing buildings and installations warmer.

It is intended to achieve intensification of the production of heat-insulating materials through:

--rational processing of mineral fiber produced to ensure that the products have a decreased density together with a retention or even increase of compressive strength--for elements of protective walls and roofs, which will make it possible to utilize fibers 20 percent more efficiently, and the planned effect of insulating capacities being produced at present will amount from 1984 on to  $500,000 \text{ m}^2/\text{year}$ , and ultimately will provide  $800,000 \text{ m}^2$  additional insulated surface; it is also being planned to construct three flow-production lines to manufacture panels of the Lamella type, for roofing and insulation, in the plants of Gliwice, Malkinia and Zielona Gora; the cost of installation about 60 million zlotys, including 24 million zlotys for labor; the beginning of the construction of these two lines is being planned in 1983 and that of the third in 1984, which will result in a more efficient (by 33 percent) utilization of fibers and will make possible the additional insulation of 2 million  $\text{m}^2$  of surface;

--modernization of the four mineral fiber plants (in Ogrodzieniec, Gliwice, Trzemeszno, Nidzica) in 1981-1985, at a cost of 890 million zlotys, including 328 million zlotys for labor, which will result in a production increase of 35,400 tons annually and in a substantial improvement of the quality of products compared with those manufactured in these plants at present, as well as a decrease in consumption of raw materials per unit production;

--construction of local fiber-glass factories on the basis of waste cullet.

Also being planned are:

--organization of one flow-production line of fiber-glass of the Izolan type in the Poznanskie Zaklady Wzrobow Korkowych [Poznan Stopper Products Plant] with an output of  $500,000 \text{ m}^2/\text{year}$  (1981-1983);



--establishment of four flow-production lines of fiber-glass of the Izolan type in the PMI [Insulation Materials Enterprise] in Gorlice with an output of 2 million  $m^2$ /year (1982-1984); it will result in overall production of 5,000 tons of fiber-glass products, replacing 12,500 tons of mineral wool;

--continuation and completion of the construction of the mineral-wool plants in Malkinia in 1983 and in Zielona Gora in 1984;

--expansion of the plant in Bojkow (second stage) with a production capacity of 30,000 tons at a cost of 960 million zlotys, including 415 million zlotys for work, beginning from 1983;

--construction in 1983-1985 of a new plant (proposed location Wielun, Sieradz Voivodship with a production capacity of 30,000 tons, cost about 1.1 billion zlotys for work.

As a result of implementation of the program, the degree of coverage of requirements for this product will increase from 38.3 percent in 1981 to 42.4 percent in 1984 and 64.9 percent in 1985.

Assuming that from 1985, in about 75 percent of the implemented material-type tasks of the construction, the factor of heat-insulating power  $k$  will be  $0.65 \text{ kcal}/m^2/h^{\circ}C$ , the balance of requirements for mineral-wool products and the magnitude of increases in production is as follows: the required investment outlays are, in million zlotys:

Table		
	In the Years	Including
Total	6,144	3,826
Including Construction-Assembly Work	3,075	2,055

#### Production of Small Elements

The small wall and floor elements produced by the Ministry of Construction and Building Materials Industry are to all intents and purposes ceramic products (solid and hollow brick), limestone and sand products and products made from cellular concrete (blocks). The source of the supply of these materials (including small elements of aggregate concrete) which should be taken into account is also local production. It follows from the balance that at the present level of the production of small wall elements, amounting altogether to about 7.2 billion ceramic units, that if modernization-investment action is not taken, there will occur in 1985 a deficit of about 3.0 billion ceramic units (about 2.0 billion in 1983).

Taking into consideration actual economic possibilities, a complete elimination of deficit of small wall and floor elements is not possible until 1985.

#### Structural Ceramics Industry

Production capabilities of this industry amount at present to 3.45 billion units of wall products and to 175 million units of floor products. One should emphasize that a shrinkage of production potential, among others because of shortage of raw materials and complete technical depreciation of brickyards amounted in 1971-1975 to 210 million units and in 1976-1980 to about 420 million units.

In 1976-1980 about 110 enterprises were closed down. Out of this number were transferred to local authorities:

--31 enterprises suited to continue manufacturing brick products,

--18 enterprises in which production was undertaken of other building materials (because of lack of raw materials), for example, slag-concrete hollow bricks, cement panels, etc.

It is estimated that the magnitude of decrement (a further liquidation of small, technically worn and uneconomical brickyards) will amount in 1981-1985 to about 450 million units. Part of this potential could be restored within the framework of local production.

Intensification of production in the structural ceramics industry will be achieved by acceleration of development of the production of small-sized wall and floor elements through modernization and building of new plants.

At present under construction are five Lingl-type production-flow lines as a result of which productive capacity will be increased in 1984.

--by 131 million units of wall materials (three flow lines);

--100 million units of floor materials (two flow lines). The comprehensive modernization includes:

--replacement of Hoffmann kilns with tunnel kilns by stages in 41 plants in 1981-1985 at the cost of 2.82 billion zlotys including 1.75 billion zlotys for work. This will make it possible to achieve increase of productive capacity by:

--141 million units of wall materials and 74 million units of floor materials;

--rationalization of heat management in nine plants by stages in 1982-1984, at the cost of 265 million zlotys including 110 million zlotys for work, which will result in an increase of productive capacity by 65 million units;

--small reconstruction-modernization investments by stages in 100 plants during 1982-1985 at a cost of 500 million zlotys including 300 million zlotys for labor; increase of productive capacity--50 million units of wall materials;

--modernization of five limestone-sand plants by stages during 1982-1983. The cost will be 140 million zlotys including 60 million zlotys for labor. Increase of productive capacity--80 million units of wall materials.

#### Concrete Industry

The production of small-sized wall materials amounted in 1980 to 2,985,000,000 units, that is 4,285,000 m<sup>3</sup>. Of these:

--small-sized wall materials of cellular concrete, 2,852,000,000 units, that is, 4.07 million m<sup>3</sup>;

--small-sized wall materials of concrete aggregate, 133 million units, that is 215,000 m<sup>3</sup>.

Of the overall amount of 2,985,000,000 units, market deliveries of small-sized wall materials amounted to 2,312,000,000 units, that is 77.5 percent of the total production of these materials. On account of this, in the balance representing the degree of market requirements was included about 80 percent of the production of the concrete industry in this group of materials.

To make good the deficit of wall materials, it is envisaged to achieve an increase in their production through modernization of existing and construction of the new plants of cellular concrete.

Taking into consideration the previously carried out modernization work in this industry and the present technical and locational conditions of plants, it is envisaged in 1982-1984 to modernize four plants of cellular concrete in Dlugi Kat, Reda, Laziska and Lubartow, at a cost of 323 million zlotys, including 171 million zlotys for labor.

As a result of these modernizations, productive capacity will increase by 80 million units.

The modernization plans will have but very slight effect on reducing deficits of small-sized products from cellular concrete. For this reason, it is envisaged to build five new plants of ash-based cellular concrete.

In 1980, market deliveries of large-block floor slabs amounted to about 25,000 m<sup>3</sup>.

It is estimated that the requirements of individual building for large-block floor elements in 1981-1985 will fluctuate within the limits of 60,000-65,000 m<sup>3</sup>.

It is intended to increase the production of floor slabs through:

--the completion in 1981 of the construction of a plant in Gorzkowice having a productive capacity of 29,000 m<sup>3</sup>;

--intensification of production through the establishment in 1981 of new production shops in the existing six plants (in Ostroleka, Zelislawice, Rawicz, Warszawa, Poznan, Powodow). The cost will be 35 million zlotys, of which 18 million zlotys is for work. This will produce an increase in productive capacity in the amount of 36,000 m<sup>3</sup>.

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CSO: 2600/263

OPERATION OF ECONOMIC CONTROL SYSTEM IN INDUSTRY EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 32, 7 Aug 81 pp 15-16, 21

[Article by Cr. Dinu of the Higher Court of Financial Control: "Preventative Economic Control - A Condition for the Judicious Administration of Material and Monetary Funds"]

[Text] The economic-social development of the country involves an ever greater volume of material, human and financial resources whose rational use constitutes an essential condition in the continually upward evolution of our nation. Precisely for that reason, one of the major objectives of the operation of the new economic-financial mechanism is tied to the creation of the conditions for rationally using and applying good administrative sense in the achievement of the country's economic-social program and in raising the workers' level of well-being and civilization. "The essence of the new economic mechanism, noted comrade Nicolae Ceausescu in his speech at the Second Workers Congress, lies precisely in the achievement of production at the highest level of quality, at the lowest level of material and labor costs and with a maximum amount of profitability and profits."

Of special significance in this context is the accentuation of society's control over the manner in which each worker fulfills his tasks and especially over the manner in which the material property and financial resources made available to the socialist units by the state are administered. In this regard, a significant role is played by financial control, in general, and especially preventative financial control, with unanimous recognition going to the fact that it is much more advantageous for society to prevent uneconomical, inefficient and illegal expenditures of funds rather than to later learn of such violations that usually cannot be corrected. The introduction of preventative financial control is the result of the concern for implementing the directives of the top party and state leadership regarding the strengthening of preventative control in the economy and the improvement of the forms through which this is done. Through this control, we achieve a more careful pursuit of the movements of material property within the administration of socialist units, which, up to now, was done on the basis of the responsibility of the compartment chiefs where these operations took place.



## The Movement of Material Property Under Rigorous Control

According to Article 4 of Law No 9/1974, amended and republished in December 1977, preventative financial control, which is carried out by accounting-financial personnel, is applied only to those operations which are the source of patrimonial rights and obligations for one socialist unit in relation to another socialist unit or to other juridic or physical persons. The movement of material property within the framework of the socialist units was not subjected to any form of preventative control despite the fact that it influenced the administration of these units. The need to conduct a preventative control over the operations of this type was shown by the analyses conducted on the basis of the annual accounting reviews, as well as by the controls carried out by the Higher Court of Financial Control, the Ministry of Finance and the other financial-banking control organs in the economy. On these occasions, they frequently found violations and shortcomings in the movement of material property and monetary funds within the socialist units.

Thus, there were cases where production was begun on products that did not have assured sales through firm contracts and orders with domestic and foreign consumers or that did not have legally approved prices. This resulted in stockpiling products, thus tying up important amounts of funds and having a negative influence upon the administration of these units. In some cases, investment projects were started that had not been included in the plan or that did not have approved construction documentation, did not have open financing and did not have assured material resources, manpower and the necessary equipment, thus creating great material and financial difficulties for the construction-assembly enterprises. At the same time, some socialist units recorded overruns in material consumption by failing to adhere to established technical norms, a fact that led to a growth in the total production costs and especially material costs, correspondingly decreasing the profits and profitability of these products. At the same time, the control organs in the economy found that there still are inappropriate salary payments made that were not always justified through the achievement of a corresponding physical production, thus increasing production costs with a direct influence upon the profit level.

As a result, the complexity of economic activities under the conditions of exigency imposed by the new economic mechanism makes it necessary for certain operations of a technical and economic nature to be subjected to a preventative, exacting and permanent control by the specialized organs in this field. Starting with all these considerations, the top party and state leadership approved in 1977 the beginning of experimentations at some economic units with the organization and carrying out of preventative economic controls by technical and economic personnel at the section, factory and worksite level. As a result, the Higher Court of Financial Control and the Ministry of Finance, together with some economic ministries, experimented in 1978 and 1979 in representative economic units with the organization and carrying out of preventative economic controls by technical and economic personnel.

Right from the beginning, in the organization and carrying out of the experiment with the new forms of preventative controls, we kept in mind that this was to be carried out in sections, factories and worksites, that is, where the production is done, where the consumption of materials and manpower occurs and where equipment is used and repaired. Similarly, we tried to accentuate the concern and responsibility of the technical and economic personnel, beginning with the fact that, although these operations were promoted by these personnel, they did not always examine with full responsibility the consequences of the decisions they made in their full complexity. This new form of control uses existing formulas, documentation and data and does not make changes to their routing or the norms for their completion and approval.

#### Close Cooperation Between the Technical and Economic Personnel in Obtaining Maximum Efficiency

The rational management of material and financial resources is a task for everyone and, first of all, for those who work directly in the production process. Precisely for that reason, preventative economic control was conceived to be carried out by the existing technical and economic personnel in the socialist units, with the amount of work for these persons being the same so that their concerns will remain primarily on technical-economic problems. Through this control, a closer cooperation is achieved between the technical-economic organs and the financial-accounting ones in the process of fulfilling plan tasks, creating the basis for a unity of action in fulfilling the physical indicators and the efficiency indicators.

During the current stage, the principal criterion of production is economic efficiency. We are no longer permitted to carry out production under any conditions. This is the moment to move in this regard to a new quality, in the sense of better using raw materials and materials, conserving fuels, obtaining a clear improvement in product quality and achieving a highest possible profitability in all the sectors of activity.

The analysis done by the Higher Court of Financial Control and the Ministry of Finance, together with the ministries and specialists from certain enterprises, as well as the examination of the results of the experimentation, gave the conclusion that the designation of certain technical and economic organs for the carrying out of preventative economic controls upon the movement of certain material property within socialist units, at the section, factory and worksite level, gave these units the opportunity to further and extend the analysis of technical solutions in a spirit of maximum economic efficiency.

Thus, the carrying out of preventative economic controls over the start-up of the production of products brought about an increase in responsibility with regards to ensuring sales and the existence of approved prices for products that are to be

introduced into production, which has contributed to a decrease in the stockpiling of finished goods that are not moving. Thus, for example, at the "Tesatura" Enterprise in Iasi the stocks of finished products were reduced during the period of experimentation with preventative economic controls from a level of 19.2 million lei to 7.6 million lei, while at the "Dimbovita" Footwear Enterprise it went from 21.8 million lei to 11.3 million lei. The carrying out of a preventative economic control on the consumption of materials has contributed, along with other measures, to the elimination of unjustified overruns of the established technological norms, helping to reduce the level of material costs per 1,000 lei of goods production in nearly all the units where the experiment was conducted and even obtaining some savings compared to the planned levels. At the Naval Mechanics Enterprise in Galati and at the Chemical Fertilizer Combine in Tirgu Mures, the level of material costs per 1,000 lei of goods production was reduced during the experiment with this control by 43 lei and 125 lei, respectively, falling below the planned level.

The carrying out of a preventative economic control on the realities of the amount of labor done strengthened the responsibility of the work formation chiefs who fill out the basic documents that serve as the basis for paying salaries. Similarly, the exercise of a preventative economic control on the current and capital repairs made to equipment reinforced the responsibility of the technical personnel in making these repairs on a timely basis and within the framework of the plan for these repairs, thus ensuring the operation of these assets under good conditions.

On the basis of the results obtained during the experiments, the top party and state leadership gave approval in September 1980 for the organization and carrying out of preventative economic controls to be introduced in all those socialist units involved in industrial and construction-assemblies activities, beginning in January 1981, on the basis of a gradual schedule. To this end, the Higher Court of Financial Control and the Ministry of Finance have drawn up the Methodological Norms regarding the organization and exercise of this control, establishing at the same time the operations, documents, verification criteria and functions of those who are to carry out the preventative economic control.

#### Jurisdiction and Material Responsibility

According to these methodological norms, preventative economic control is carried out under the following conditions:

##### a) In units that have industrial activities.

The scheduling and start-up of the production of products is verified by the commercial director and the chief of the pricing department who are responsible for the existence of assured sales and legally approved prices. Thus, they prevent the stockpiling of finished products that would lead to tying up funds, penalty payments or interest and would negatively influence, in the end, the financial situation and the results of the unit's activities.

The consumption of raw materials and materials at rates above the established norms is verified by the unit's chief engineer, who has the task of ensuring the most rational use possible of material property, avoiding exceeding the specific approved consumption levels, introducing a strict system of conservation and strengthening the material responsibility of all those who could produce such overruns in their activities.

Salary rights, in the aspect of establishing the local norms for labor and the realities of the amount of labor done, are verified by the technical organs and the chiefs of the work formations, who have the task of preventing the payment of inappropriate salaries and of ensuring that the salaries correspond to the actual work done.

The carrying out of current and capital repairs to fixed assets is verified by the chief of the mechano-energetics department, who has the task of ensuring the appropriate maintenance and operation of equipment and installations for the purpose of extending their lifetimes and keeping within planned costs, requirements of the new economic-financial mechanism.

b) In units that have construction-assembly activities

The start-up of construction-assembly projects is verified by the unit chief, who must ensure the precise adherence to the conditions outlined in existing law (investments must be recorded in the plan, approved documentation must exist, financial and material conditions must be assured and so forth), thus preventing the material and financial difficulties for builders that could attack those projects that do not fulfill these conditions.

The consumption of materials beyond the established norms by category of project, as a result of changes in certain technologies or substitutions for materials, is verified by the chief of the worksite, who is responsible for staying within the total value for the materials outlined in the work estimate.

The realities of the amount of work done is verified by the group chief, who must ensure an agreement between the physical situation, the work documentation and the amount of work outlined in the work reports, as well as the unified wages in the approved time norms.

The necessary amount of transportation equipment and resources are verified by the chief of the mechanization department, who has the task of ensuring the judicious and efficient use of transportation equipment and resources and staying within the work documentation and approved expenditures.

The reporting of construction-assembly production is verified by the chief of project scheduling, preparation and follow-up department in groups or independent worksites, who must ensure agreement with the approved work documentation, the actually completed physical projects and the legal conditions for reporting.



Depending upon the volume and the complexity of the operations and the existing specific conditions, the leadership of the ministries and the executive committees of the county and Bucharest municipality people's councils have the right to approve, with the prior approval of the Higher Court of Financial Control and the Ministry of Finance, justified proposals of the collective leadership organs in subordinate socialist units for the carrying out of preventative economic controls by persons employed in other jobs who, however, have in their own jobs the tasks of completing or approving these operations.

According to methodological norms, in cases where the above-noted conditions are not fulfilled, the persons empowered to carry out the preventative economic control will not sign these documents and these operations will not be permitted to take place. In such situations, those who carry out the preventative economic control will effectively notify the unit chief, who will decide on his own responsibility about the halted preventative economic control, making this fact known in writing in this document. Through this provision, the responsibility of the unit chief is strengthened. The technical and economic personnel's tasks and responsibilities along the lines of carrying out preventative economic controls must be recorded in the job description, appropriately meeting the regulations for the organization and operation of these units.

According to the established schedule, preventative economic controls have been instituted, to date, in all those socialist units that have industrial and construction-assembly activities subordinate to the ministries, with the controls to be also introduced during the third quarter of this year in the people's councils. All those who carry out the preventative economic control were or will be instructed at the ministry, central, enterprise or people's council level, as the case may be, with the help of the Higher Court of Financial Control and the Ministry of Finance.

It is true that the preventative financial control outlined by Law No 9/1974 will continue to be carried out under the conditions of the existing norms. Preventative economic controls have the task of anticipating the finding of uneconomical and inefficient expenditures during a stage in which preventative economic controls cannot be carried out and work much in advance or this will negatively influence the administration of the units involved.

#### Preventative Economic Controls in Support of Carrying Out Self-Administration

In this regard, one can state with full conviction that the correct carrying out of preventative economic controls greatly eases the task of preventative financial control, making it more efficient.

On the basis of the results obtained over 2 years and through the general spread of the preventative economic control at those units that have industrial and construction-assembly activities, the Higher Court of Financial Control, together

with the Ministry of Finance, have the task of presenting to the top leadership of the party and state the conclusions and the measures that should continue to be taken.

Certainly, in the future in addition to the existing responsibilities there should also be a regulation of the responsibilities of those persons empowered to carry out the preventative economic controls, under those conditions where the above-listed criteria are not respected. Thus, for example, in cases where certain socialist units have stockpiles of finished goods for which there are no assured sales and which cannot be sold because of a lack of legally approved prices, those persons who gave approval during the preventative economic control to start the production of these products should be liable for the interest that this unit has to pay for the bank credits that it assumes as a result of tying up its own financial resources in this stock. Such a liability should also be established for those who give the go ahead to begin construction-assembly projects prior to meeting all the conditions outlined by law.

Similarly, in cases where a later financial control finds that inappropriate salaries were paid out, under the category of the amount of work done, in the sense that those listed in a salary status were not present for work during the period or did not make the quantity of products entered into the work report, those persons who signed or approved these documents for the amount of work done should be liable for the damages done, if this cannot be recovered from those to whom the payments were made, according to law.

Special attention must be given on the part of the leaders of the socialist units to those cases where the established consumption norms listed in technological documentation have been exceeded, analyzing the conditions under which such overruns took place and establishing both the measures to prevent this in the future and the material responsibilities of those who are guilty. Such a measure is also designed to contribute to the strict respect for the technologies that have been established and to the existence and maintenance of a climate of order and discipline in production.

In order for this new form of preventative control to be able to constitute an efficient factor in the application of the new economic-financial mechanism in those socialist units that have industrial and construction-assembly activities, it is necessary for the ministries, technical directorates and specialized directorates in the ministries and the leaders of centrals and enterprises to provide support and guidance, permanently controlling the carrying out of the preventative economic controls. Similarly, the organs of collective leadership in the socialist units (enterprises, centrals and ministries) must periodically analyze the problems raised by carrying out the preventative economic controls and take effective measures to eliminate the shortcomings that appear.

At the same time, the organs of the Ministry of Finance, as well as those of the Higher Court of Financial Control, must pursue, direct and control at the ministries, centrals and enterprises the manner in which the preventative economic controls are organized and carried out so that this control operates as a key factor in the application of the new economic mechanism, through its active and effective participation in the better administration of material and monetary resources and in the growth of economic efficiency through the strengthening of order and discipline in all the socialist units.

## BRIEFS

FIRST TRADE SOLAR INSTALLATION--Recently the first solar installation in the trade network was put into operation, a solar installation for the preparation of hot water for consumption in the "AUTOEXPRES" restaurant at kilometer 36 on the Bucharest-Pitesti highway. The solar installation, designed by the Institute for Commercial Design, in collaboration with the Institute for Research in Construction and Construction Economy, is composed of 60 solar collectors which, during the summer season, ensure the heating of 8,000 liters of water a day to a temperature of 60 degrees Celsius. The new installation serves the entire restaurant complex at kilometer 36, which accomodates about 300. The installation results in a saving of fuel amounting to about 20,000 lei a season. It eliminates transportation expenses and the need for maintenance personnel for the hot water heater during the summer. It is expected that during the current five-year plan more of these installations will be set up in Bucharest and in other cities such as Constanta, Tulcea, Bacau, Drobeta-Turnu Severin, Orsova and others. [Excerpts] [Bucharest ROMANIA LIBERA in Romanian 29 Jul 81 p 1]

CSO: 2700/356

## ANIMAL FEED COMPONENTS IMPORTED IN 1980

Belgrade EKONOMIKA POLJOPRIVREDE in Serbo-Croatian No 5, May 81 pp 340-341

[Article by Dragan Markovic, Federal Bureau of Social Planning: "1980 Imports of Ingredients for Production of High-Protein Livestock Feed"]

[Text] The faster development of agriculture presupposes a larger share of animal husbandry in total agricultural output. Its larger share follows both from the changes expected in the population's diet occurring as a consequence of the rise of the standard of living, as well as from this branch's orientation in foreign trade. Aside from that, agriculture as a whole undergoes intensification with an increase in animal husbandry's share in agricultural output.

The growth of livestock production is dependent to the greatest degree on the available quantities of livestock feed, its prices and the profitability of using it, as well as on improvement of the genetic potential of the livestock. Intensification of livestock production by altering the pattern of the livestock population with respect to breeds, which has been done by importing highly productive foreign certified breeds for specialized production, has been raising the problem of feeding a properly balanced ration which makes best use of the genetic characteristics of the animals. The significance of balanced rations having been recognized, work began to build mills for the production of mixed feeds and livestock feed mixing units. Moreover, the capacity of these plants quickly exceeded domestic sources of the relevant raw materials, which immediately led to imports of ingredients for the production of livestock feed, which at the outset was relatively cheap, and at the same time to a neglect of the domestic fodder resources. Imports of ingredients for production of high-protein animal feed have been growing steadily.

The total value of imported ingredients for the production of high-protein livestock feed in 1980 represented 89.46 percent of the total value of meat exports, not including viscera, which amount to 63,263 tons, or 4,273,865 dinars. Oilcake and pellets represent 66 percent of the total value of imported ingredients for the production of high-protein livestock feed; in view of our country's climatic conditions, the facilities which have been built for processing oilseed and the demand for oil in the coming period they should come from domestic production. Table 2 shows the figures on nutritional units and digestible protein which can be obtained from the imported quantities of oilcake and pellets, fish meal and meat meal.



Table 1. Quantity, Average Price and Value of Imported Ingredients for Production of High-Protein Livestock Feed in 1980

Type	Quantity, in tons	Price, dinars/kg	Value, in 000 dinars	Distribution by Value
Oilcakes and pellets	147,796	8.05	1,189,772	31.12
Fish meal	79,348	15.43	1,224,537	32.03
Meat meal	9,594	8.31	79,720	2.09
Soybean oilcake*	164,390	8.09	1,329,168	34.76
Total	--	--	3,823,197	100.0

\* Converted from the quantity and value of imported soybeans at the rate of 80 percent.

Table 2. Nutritional Units and Digestible Protein Contained in Imported Ingredients for the Production of High-Protein Livestock Feed, Total Weight and Relative Distribution

Type	Standard Values*		Total Weight, in tons		Distribution	
	Nutri- tional Units	Digest- ible Protein	Nutri- tional Units	Digest- ible Protein	Nutri- tional Units	Digest- ible Protein
Oilcakes and pellets	1.26	0.36	186,223	53,207	39.98	33.55
Fish meal	0.75	0.50	59,511	39,674	12.78	25.02
Meat meal	1.35	0.68	12,952	6,524	2.78	4.11
Soybean oilcake	1.26	0.36	207,131	59,180	44.46	37.32
Total	--	--	465,817	158,585	100.00	100.00

\* According to Popov.

Table 3. Simplified Example of the Possible Weight Gain of the Respective Livestock Categories Resulting From Imported Digestible Protein in 1980

Type	Available Digestible Protein in Imported Ingredients, in tons	Approximate* Standard Amount of Digestible Protein Per Kilogram of Weight Gain, in kg	Total Weight Gain, in tons
Hogs	72,949	0.52	140,287
Poultry	47,576	0.55	86,502
Baby beef	38,060	0.60	63,433
Total	158,585	--	290,222

\* According to Popov, this standard includes nutrition for both weight maintenance and weight gain.

Oilcake and pellets occupy the dominant place in the distribution of the total quantity of nutritional units, with a share of 84.4 percent, while their share on the basis of digestible protein is 70.87 percent.

The principal question which arises is the volume of livestock production that can be achieved with imported nutritional units and digestible protein. To answer this question we must know the approximate distribution of mixed feeds, which in recent years has become steady at these values: mixed feeds for hogs are in first place with about 46 percent, mixed poultry feeds in second place with about 30 percent, and mixed cattle feeds in third place with about 24 percent. On the basis of this distribution of mixed feeds and the total amount of protein we calculate the possible weight gain.

Only one-third of the weight gain of these categories, amounting to 290,222 tons, is covered by imported nutritional units, while the other two-thirds would have to be obtained from domestic sources. This weight gain would have to be adjusted for losses occurring in preparation of the mixed feeds and in feeding the animals. This adjusted weight gain of the respective categories which could be achieved with the digestible protein from imported ingredients for the production of high-protein livestock feed would have a share of about 12 percent in the expected total weight gain of Yugoslavia's animal husbandry. An analysis of Yugoslavia's total fodder budget in 1979, computed in terms of nutritional units and digestible protein, shows that imported ingredients for the production of livestock feed account for 9.8 percent of the total amount of digestible protein. The high share of imported digestible protein, amounting to about 10 percent of the total fodder budget, as well as the steady rise in the prices of these nutrients on the world market cannot be conducive to successful development of animal husbandry in Yugoslavia.

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